



2014 BUDGET

AS APPROVED BY

TOWN COUNCIL

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DECEMBER 9, 2013

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## BOROUGH OF CHAMBERSBURG 2014 BUDGET

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11/4/2013

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# 2014 Budget Message

*As Proposed for 2014 by Jeffrey Stonehill, Borough Manager*

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The Borough of Chambersburg

# 2014 Budget Message

*As Proposed for 2014*

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To: Town Council

Submitted herewith for your consideration is the Borough Manager's Recommended 2014 Budget. As is required by local law, I have prepared this document in a form that can be adopted by Town Council. The proposed 2014 operating budget is balanced; revenues and cash balances cover all necessary expenses.

It has been a challenge to attempt to explain what makes the 2014 budget unique from prior years. In the end, it is not that 2014 is unique but rather that we forecast 2014 as a continuation of the local economic stagnation that has plagued the region for much of the last seven years. Ironically, 2007 was the best year in Chambersburg's economic history. Then, like most of the nation, our local economy went off a fiscal cliff. We have fared much better than much of the nation. Chambersburg's economic indicators are stuck at a growth rate of about 0.1% for the last six years. Where some regions have seen economic devastation, we are still growing.

However, the challenge of a municipal government, such as Chambersburg, is that the expense needed to operate the government is not stuck at about 0.1% growth. In fact, wages and benefits have continued to grow in cost throughout the last six years unabated. We could use the budget as a mechanism to extol the reasons for this growth, but regardless, the budget must pay the liabilities that the Borough incurs regardless of whether those liabilities were fair, or earned, or welcomed. In the end, the Borough of Chambersburg is a service organization. Similar to most service organizations, our services are provided mostly by our personnel. They do a fabulous job and they are also very well compensated. But, the costs associated with those personnel, especially General Fund personnel, are growing at a rate far greater than the revenues collected in the General Fund.

Therefore, in an effort merely to keep up with costs, this budget unfortunately requires a tax increase. It is the first Chambersburg tax increase in six years.

Police Wage Cost of Living Increases

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>Compounded Increase</u>
4.0%	4.0%	4.0%	1.5%	0%	2.5%	3.5%	4.0%	26%

Fire Fighter Wage Cost of Living Increases

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>Compounded Increase</u>
4.0%	4.0%	4.0%	4.0%	4.0%	0%	2.5%	3.0%	28%
		+						
		4.0%						

Why am I singling out wage expenses for just Police Officers and Fire Fighters? Almost every other employee of the Borough of Chambersburg works mostly or fully for a utility fund or an internal service

fund (which in turn works for a utility fund). Almost every other employee (with a handful of exceptions) has their wages and benefits paid for by utility fees. Police and fire are the single largest driving cost of tax need. That is a fact caused by peculiarities of the Chambersburg budget structure. Our other municipal workers also receive generous wages and benefits; almost entirely paid for from utility receipts and not requiring any utility rate increases.

Further, in no way is this a suggestion that police officers or fire fighters are not excellent employees or worthy of this compensation. I am merely pointing out that the General Fund has inevitably arrived at the point where tax revenue could not sustain these two important functions without an increase.

I was recently looking through old budgets and I noticed that my predecessor stated in 2007, that a 5 mil real estate tax increase would be necessary to make the budget balanced through 2010. Ironically, we have been able to push any tax increase off from 2007 to 2014.

Health Insurance Self-Insurance Pool Premium Costs

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>Compounded Increase</u>
17.31%	10.25%	-20.75%	15.04%	14.54%	6.5%	9.8%	8.0% Est.	77%

This is my fourth budget as your Borough Manager and, although recent fiscal history has been challenging, it is an honor to prepare this document as a strategic plan for our community. Our fiscal year, our budget year, is the same as the calendar year. Therefore, each fall, the Borough needs to make important decisions to set in motion for the following year. A budget is a plan - it is not an accounting of money but rather a forecast of how much revenue the Borough anticipates it will collect and how many expenses it plans on incurring. One might call it a spending plan. The accounting or record of past transactions is called the audit. In Chambersburg, our annual audit or Comprehensive Annual Financial Report (CAFR) is published each spring. However, the budget is adopted each December, therefore each fall the Borough makes important decisions for the upcoming year based on forecasts, trends, analysis of revenues, and the expenses that are anticipated for the upcoming year.

The budget is a spending plan, a roadmap for the upcoming year. Unlike the federal budget which is wildly confusing and out of balance, your local township, city or borough budget must be in balance, cannot use gimmicks or tricks, is published before adoption for all to read, and thoroughly debated in open public meetings so that Council can hear all variety of opinion. Yet because of its openness, the local budget is honest and therefore somewhat sobering. The number one question we get from those who review the budget is "isn't there some other pot of money, some other trick to balance the budget that I am not seeing?" Chambersburg's budget is fairly straightforward - money in versus money out. The utility departments are what make our budget large and complex because the balance of our governmental operation is fairly simple.

The vast majority of our budget is the utilities; general government operations such as police, fire, recreation and highway are kept separate from electric, water, sewer, natural gas, and trash. Chambersburg Borough is unique in both organization and complexity because of our utilities, which account for the vast majority of our budget, resources, organization, employees, and challenges.

The utilities, the enterprise funds of the Borough, account for the preponderance of the Borough annual expenditures. Further, the Electric Department alone eclipses all other operations of the Borough. We are

fortunate that these business models are sound; further, the utilities face challenges but nothing as significant as the General Fund. Enterprise fund challenges are:

- Significant infrastructure needs in water and sewer
- Limited service areas and customer base upon which to expand
- Inelastic rates; when they rise encourage less use of utilities
- Anecdotal pressure from regional utilities; they market their rates (often not comparing apples to apples) to our customers, who often fail to grasp the cooperative nature of our venture and the many benefits of operating our own community systems
- The pool; the strength of our utilities is the pool nature of our users. The more users and the more use by the users the less everyone pays; conversely, when the economy is bad and users' use is less, everyone feels the effect
- Overreaching state and federal agencies who look to impose big utility mandates on our small independent community systems

However, the future remains bright. Our utilities are well managed, leaders in their fields, the biggest such municipal utilities in Pennsylvania, and well positioned to address these challenges.

As a result of proper fiscal planning and oversight, our citizens enjoy the lowest composite utility rates in Pennsylvania. Further, this year we are recommending a reduction in utility rates. Such a reduction will provide additional benefits to our citizens. So much so that Town Council might consider this a good opportunity to invest in other services, such as police and fire protection.

**Electric:** staff is proposing that the Purchase Power Adjustment be lowered yet again in 2014 to result in another effective decrease in customers' cost of electricity.

Through proper management of the Electric Department, we have been able to save customers, residents, and businesses hundreds of dollars on their electric bills. This is clearly a bright spot in a year that has a tax increase. In 2012, the Borough was scheduled to have a 15% increase in rates that was cancelled and instead we have now had rate reductions in 2013 of 10% and a proposed reduction in 2014 of another 5%.

**RATES: Effect on Average (1,000 kWh) Residential Customer by Proposed PSA**

Approved Cumulative 10% Rate Reduction for 2013 – Proposed Additional 5% Rate Reduction for 2014		
PSA Change	Total Elec. Bill	\$/month Effect
2012 PSA	\$114.73	\$0 (under '12)
May 2013	\$109.48	-\$5.25 (-4.6%)
November 2013	\$104.23	- \$10.50 (-9.2%)
December 2014	\$99.00	- \$15.73 (-13.7%)

Effectively, the average residential customer will see their electric bill drop from \$104.23 per month to \$99 per month during 2014 or an approximate average annual savings of \$62.76 per year.

**Water:** staff is proposing no rate increase, no increase since 2001; average residential water bill of \$15 per month.

**Sewer:** staff is proposing no rate increase; the last rate increase was in December 2012; average residential sewer bill of \$29.50 per month.

**Gas:** staff is proposing no rate increase; the lowest residential gas heat rate in Pennsylvania; Chambersburg residents pay average 30% lower gas bills than local private gas utilities with an average gas bill of \$720 per year.

**Trash:** staff is proposing no rate increase; the last rate increase was in January 2013; the residential trash bill is \$14 per month.

When combined, the average annual residential utility bill will drop in 2014 to \$2,523 per year from \$2,586 per year in 2013. Some residential users and commercial accounts would see different results.

Chambersburg utility rates compare favorably to other utilities in Franklin County and throughout Pennsylvania.

### *2014 Utility Fund Projects of Note*

It is important to remember that almost all the Borough facilities, equipment, personnel, projects, and departments, are funded by utility rates

- Compressed Natural Gas Filling Station Project - The Borough of Chambersburg intends to develop a regional Compressed Natural Gas (CNG) Filling Station for natural gas vehicles ("NGV") in the Borough to provide low cost community fuel to municipalities, school districts, and our vendors throughout Franklin County who are considering changing their vehicle fleets to NGV vehicles over the next decade. The Chambersburg CNG Gas Filling Station could also provide a low cost source of natural gas for NGV truck fleets using Interstate 81 (I-81).
- J. Hase Mowrey Regional Wastewater Treatment Plant Upgrade Project – The largest public works project in the history of Chambersburg, the Borough has begun this \$36,377,000 capital improvement project ( \$5,600,000 Borough share). The project will increase the capacity of the facility from 6.8 MGD to 11.28 MGD and will include process upgrades for nitrogen and phosphorus removal to meet Chesapeake Bay requirements. The project was awarded to Michael F. Ronca & Sons, Inc. of Bethlehem, PA on June 10, 2013.
- Julio D. Lecuona Water Treatment Plant Upgrade Project – The facility, located in Greene Township, was originally constructed in 1969. The project will include replacement of the four Leopold Sand Filters, which contain the original filter media from 1969 (having been topped off in 2002). The filters will get new media, new wall coatings, the underdrains will be replaced, and new piping for air-scour. In addition the water plant exterior filter walls will be repaired with internal waterproof coatings. Finally, a static mixer to promote rapid mixing of chemicals will be added to the treatment process.
- Queen Street Properties Needs Analysis – The two former residential properties bought by the Water Department in 2013 will have an analysis completed by a to-be-determined architectural firm. The analysis will include a review of all the utility departments, their space needs, their existing space, and concepts of how to meet Borough utility operations needs going forward. The project will include conceptual drawings of how this space may be best utilized.



- Chambers-5 Pump Station / Force Main Project – The Sewer Department will undertake a project in 2014 (pending receipt of PennWorks Grant). The Chambers-5 Pump Station supports 16 commercial/industrial buildings located in the Chambers-5 Business Park. Original planning from the early 1990's for the business park area supported by the pump station was 30,000 gpd. The pump station designed as part of the development included 40% additional capacity for expansion or 42,000 gpd. In 2010, the FCADC approached the Borough about the possibility of adding a new high volume water/sewer tenant to the Liberty Property warehouse along Kriner Road in Guilford Township. The 2010 capacity study of the station showed current water use and completed planning of approximately 30,000 gpd associated with the business park. The end result of the study with the warehouse expansion was 4,000 gpd remaining in the pump station. Current flows for the pump station from 2012 Chapter 94 reporting show average daily flow of 44,000 gpd. The force main upgrade (replacement or addition of a parallel line) will cost approximately \$150,000. An upgraded pump station at approximately double the current size would cost approximately \$600,000. It is a rough estimate of \$750,000 to meet the needs of this neighborhood going forward.
- Green Yard Waste Recycling Project – The Sanitation Department will undertake a project in 2014 (which has not yet been approved by Town Council or the Pennsylvania Department of Environmental Protection) to replace the existing green yard waste recycling project currently conducted at the Borough Farm off Dump Road. The Borough of Chambersburg was recently inspected and issued notice of potential violations for the unregulated disposal of yard waste. The Commonwealth requires that the Borough design a new and improved system for the recycling of green yard waste and wood, in accord with State and Federal laws. Unfortunately, the current program is not acceptable to the Department of Environmental Protection. A new program, which includes tough regulations on what yard waste we accept, and how we mulch and chip and store it, is required by law. Chambersburg Town Council is working on a plan including policy recommendations to present to the Department of Environmental Protection by December 2013. Right now, Borough residents who pay their monthly trash bill get unlimited drop off at the Borough Farm. Also, registered landscapers get unlimited drop off with a low quarterly permit. Our citizens have enjoyed this excellent benefit for decades. Unfortunately, additional staff, equipment, and facilities will be required to maintain a program going forward; expenses which are not currently covered by any taxes or fees. We might even need to select a new location for the program. These changes will affect residents and landscapers.

None of these enclosed projects will have any effect on the Borough tax rate. These are utility projects, undertaken by utility departments and paid for with utility fees.

Further, in 2014, these and dozens of other utility projects can be accomplished without the need to raise utility rates. In fact, on average, the annual residential utility bill will drop in 2014.



### *The Bad News*

- Only a few of the departments of the Borough are in the General Fund and cannot be directly supported by utility fees (i.e. police, emergency services, general highway, and recreation)
- In order to forestall any need for a tax increase, Town Council took evasive action in 2010:
  - Offered senior employees early retirement
  - Eliminated positions in police, highway and recreation
  - Moved clerical employees to the Administrative Services Department so their costs can be shared with utilities
  - Demanded employees contribute more to health insurance and pension
- These actions delayed any need to raise taxes
- The hope was that tax revenue in the General Fund would return to its historic pattern of growing naturally without a rate increase
- Unfortunately, tax revenue has not returned enough to make up for the increasing cost of operations

In 2014, this budget contemplates an increase in the Police Tax from 20 mil to 21 mil. This is the first such increase since 2007. In that period, revenues have been pathetic and costs have continued to increase. We have done everything possible to push this off as long as we have. The General Fund Departments (police, emergency services, general highway, and recreation) have found significant non-personnel savings. However, personnel make up the greatest part of their budgets.

### *Pathetic General Fund Revenue*

The performance of the existing taxes and existing tax rates through 2013 is insufficient for our needs.

Police Tax		Total Year			
2013	Est	\$ 3,743,000			
2012		\$ 3,780,102	Growth Rate Since 2008 3.8%		
2011		\$ 3,731,681			
2010		\$ 3,714,590			
2009		\$ 3,700,545			
2008		\$ 3,602,171			

Deed Transfer Tax		Total Year			
2013	Est	\$ 194,197			
2012		\$ 305,466	Growth Rate Since 2008 - 65%		
2011		\$ 251,816			
2010		\$ 255,899			
2009		\$ 275,141			
2008		\$ 561,432			

The proposed Fire Tax is not included herein because this list details previous performance and indicates that the taxes do not generate sufficient revenue.

Earned Income Tax		Total Year			
2013	Est	\$ 1,763,954			
2012		\$ 1,715,736	Growth Rate Since 2008 1.9%		
2011		\$ 1,578,210			
2010		\$ 1,501,053			
2009		\$ 1,540,228			
2008		\$ 1,731,357			

Local Services Tax		Total Year			
2013	Est	\$ 719,062			
2012		\$ 748,586	Growth Rate Since 2008 - 6.7%		
2011		\$ 758,809			
2010		\$ 727,887			
2009		\$ 804,923			
2008		\$ 770,773			

Police Wages	Growth Rate Since 2008 = 18.5%
Fire Wages	Growth Rate Since 2008 = 25.5%
Health Insurance Premiums	Growth Rate Since 2008 = 38.4%

Once again, not to single out police officers and fire fighters but they make up the vast majority of the employees and costs in the General Fund. Almost every other employee of the Borough of Chambersburg works mostly or fully for a utility fund or an internal service fund (which in turn works for a utility fund). Almost every other employee (with a handful of exceptions) has their wages and benefits paid for by utility fees. Police and fire are the single largest driving cost of tax need.

#### *What about the SAFER Grant*

In the 2012 budget, Town Council eliminated eight firefighter positions which, was an incredibly difficult decision. At the eleventh hour, just before the layoffs were due to take effect, the Borough received a US Department of Homeland Security Staffing for Adequate Fire and Emergency Response (SAFER) Grant. This award covers the period September 2012 through September 2014 and provides cash resources to pay for the wages and benefits of eight firefighters. There is no local match but Town Council had to pledge to keep the Emergency Services Department at full staffing until September 2014. This ended the talk of layoffs for now.

By our calculations, the SAFER Grant will transfer \$605,000 into the General Fund in 2014. Then, it will end forever. To compound the effect of the end of the SAFER Grant, Town Council may not, because of the Richard Kasher Arbitration Decision, make any change to the number of fire fighters during the current labor agreement, which runs through 2016; no layoffs.

**It is estimated that the SAFER Grant will be fully depleted of funds in the summer 2014.**

Currently, the \$605,000 SAFER Grant transfer will result in a significant and fleeting benefit for the General Fund. We know that the grant will end and the proposed fire tax is a move to replace it, and to fund the full cost of the fire fighter personnel and their wages going forward.

**In many ways, the new Fire Tax, is a replacement for the SAFER Grant.**

It will not be used for the same thing as the SAFER Grant but, it will have a similar effect. The SAFER Grant is used for fire fighter wages and benefits. The Fire Tax will be used to rebate the cost of equipment and apparatus. That rebate thereby frees up resources to pay for fire fighter wages and benefits. The net result is that the Borough can continue to employ the fire fighters at their new wage and benefit levels even after the SAFER Grant ends.

*What about the Assistant Fire Chief Position?*

The 2014 proposed budget includes enough funding to pay for the Fire Chief and the Assistant Fire Chief through 2014; and, I would not recommend any staff changes before 2015. Further, I would not recommend that Town Council rush to eliminate the Assistant Fire Chief position.

The Assistant Fire Chief is paramount to the success of the Basic Life Saving (BLS) Ambulance Service and the Fire Code Inspection Service; these are the two largest sources of revenue for the Emergency Services Department. I would not assume that the department would function as well, nor would we necessarily collect as much revenue without proper oversight and management.

Instead of elimination of that position, 2014 will be utilized to attempt an expansion of these programs. Perhaps by 2015, the cost of the Assistant Fire Chief will remain justified as we measure the impact of the revenue his management and supervision creates. After all, his is only one salary and will likely not make as much difference as the elimination of eight (8) fire fighters originally planned.

*Township Fire Code Commercial Inspection Services*

The 2014 proposed budget includes a request that Hamilton, Guilford, & Greene Township adopt the International Fire Code and contract with the Borough ES Department as a Third Party Code Agency. Currently, the Borough is in the process of re-authorizing our local law, which adopted the fire code. In the Borough, businesses must be inspected (some annually & some tri-annual) for code violations. We believe this is a big fire prevention program, in that it actual prevents fires, saves lives, and property. In the Borough, the ES Department charges businesses for this important inspection program (revenue goes to support inspections and prevent fires). In many cases, the businesses' property insurance may be reduced because of these inspections.

It is our hope and desire that the townships will contract with the Borough to expand our successful fire code inspection program to township businesses at no cost to their taxpayers. As with inside the Borough, the townships businesses would pay for the program. The businesses and the community would be safer.

It would take 6 to 8 months to negotiate a program – only the townships can adopt the program and set the fees. A portion of revenue collected would be shared with the townships.

This budget does not include any revenue from this program but getting it running by 2015 is imperative.

*The Police Tax Must Be Increased for the First Time Since 2007*

As presented in much further detail under the General Fund budget, **this budget includes a Police Tax increase from 20 mil to 21 mil.**

Police Tax Rate	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
mil	17	17	20	20	20	20	20	20	20	21

This increase is, at this point, not optional. In the intervening years since the December 2006 tax increase, the wages and benefits of the uniform employees of the Police Department have been raised seven times without an increase in revenue. Council did everything possible to delay this increase.

The average single family house inside the Borough pays \$336.20 in 2013. Their Police Tax will rise by \$16.81 per year to a total Police Tax of \$353.01

At \$353 per year, the Borough Police Tax does not even cover the full cost of the Chambersburg Police Department including the elimination of certain programs such as the valuable SET Team, which Council eliminated in 2013.

**Even with the tax increase the Police Department budget spends \$48,565 over budget.**

However, the Borough is doing its best to keep the tax rate as low as possible by adopting a Police Tax rate that is barely sufficient to cover the cost of your Police Department.

Government buildings, schools, charities and no township property owners pay any Police Tax on their property – commercial property owners may pay more. Also, for many folks, 100% of this cost is deductible on your Federal Income Taxes, returned to you in your tax refund every year.

*Council Has Already Adopted a Resolution Creating a New Fire Tax*

Beginning in 2014, the real estate tax will be split into two parts: first, a general levy, which is used exclusively for the Police Department; and second, a fire levy, which will be used exclusively to provide fire and EMS equipment and vehicles for the Emergency Services Department. These will be the only uses of real estate taxes in the Borough budget.

As the new fire tax is used only for equipment and vehicles, it has no direct impact on the General Fund. Proceeds from the fire tax will be given directly to the Motor Equipment Fund; the motor pool of the Borough, which is a separate fund from the General Fund. However, in the Motor Equipment Fund, all those proceeds will be used only for the Emergency Services Department motorized equipment fleet; fire apparatus and ambulances. This will, in turn help the General Fund, by allowing a rebate on its annual contribution to support fire apparatus and ambulances; so, an indirect benefit for the General Fund.

The 2014 rebate that the Fire Tax will provide to the General Fund is \$480,000. This rebate may need to grow in 2015 and 2016 to pay for the Richard Kasher Arbitration Decision.

The Resolution adopted by Town Council also eliminates Capital Projects for the Emergency Services Department and eliminates any plans to replace the Borough's aerial ladder truck; a vehicle that may cost as much as \$1.5 million to replace.


### *What the New Police Tax Rate and the New Fire Tax Will Cost:*

The average single family house inside the Borough pays \$336.20 in 2013. Their Police Tax will rise by \$16.81 per year to a total Police Tax of \$353.01 – This is in addition to the \$42 in new Fire Tax the average single family house inside the Borough will pay to support the Emergency Services Department motorized equipment fleet.

Average Single Family House Inside The Borough	Mil	2013	Mil	2014
Police Tax (to the General Fund)	20	\$336.20	21	\$353.01
Fire Tax (to the Motor Equipment Fund)		\$0	2.5	\$42.03
<i>Total (per year)</i>		\$336.20		\$395.04

One misconception that confuses the issue of these real estate taxes is how to translate the rate (proposed to rise to 23.5 mil) into actual dollars. In Franklin County, the “assessed value” of one’s property may be radically different from the “fair market value” of one’s property. For example, within the Borough limits, the average single family house has an assessed value of \$16,810; obviously you cannot buy a house for that little. That is because our County has not re-assessed real estate since 1961. Regardless, the average single family house, inside the Borough, will pay a full value real estate tax bill of \$395; based upon an assessed value of \$16,810 in 2014. This figure was determined by combing through the tax rolls and extracting each single family house (as opposed to commercial, industrial, or multi-family buildings). Your Borough tax bill will vary.

Government buildings, schools, charities and no township property owners pay any Borough taxes on their property – commercial property owners may pay more. Also, for many folks, 100% of this cost is deductible on your Federal Income Taxes, returned to you in your tax refund every year.

				
<b>Single Family House</b> \$395 per year*	<b>Schools</b> No tax	<b>Non-profits</b> No tax	<b>Government</b> No tax	<b>Commercial/Industrial</b> More

*\*Based upon a median assessed value of single family residential property inside the Borough*

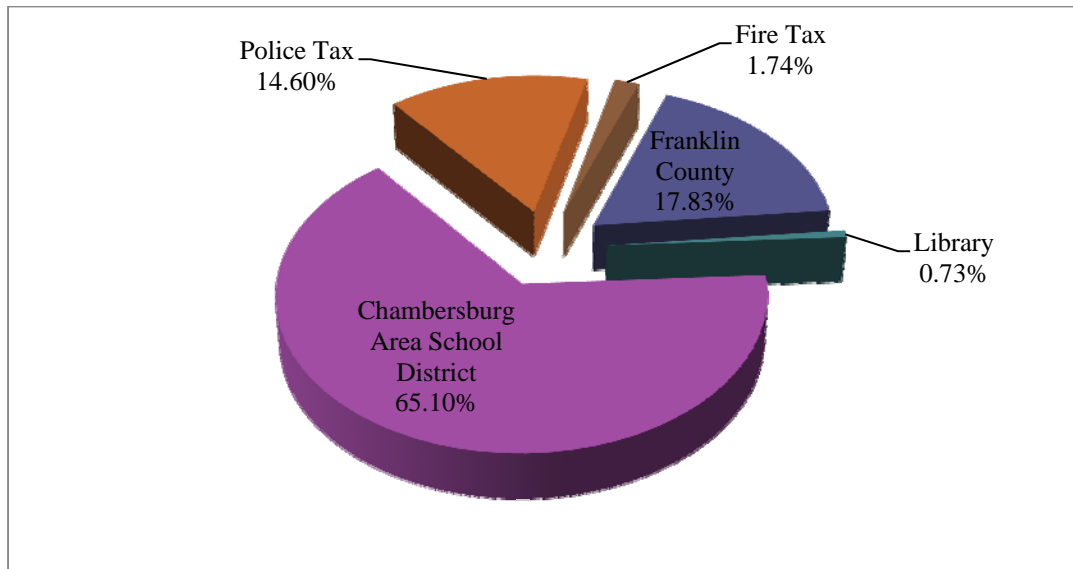
### **Adjusted Tax Bill for Inflation**

According to the U.S. Bureau of Labor Statistics, a cost of \$395 in 2014 would be equivalent to \$349.78 in 2007 when the tax rate was last adjusted. Due to inflation, the value of money decreases every year. So, just to stay current with inflation, the 2007 tax rate would be required to be adjusted.

Of course, the Borough’s expenses for some items such as wages and benefits, usually out paces inflation by a significant margin.

The only manner to avoid an adjustment for inflation is organic growth of revenue due to success in the economy. Unfortunately, the local economy has not seen sufficient organic growth for many years.

Please note that residents in the Townships do not pay the real estate taxes to the Borough of Chambersburg. Also, Borough residents pay much higher taxes to the County and schools. Only 16¢ of every \$1 in real estate taxes will go to support the Police Department and the Emergency Services Department. The balance goes to the County and schools. Also, tax exempt property owners such as schools, government, churches, etc., pay no Borough taxes.



### *Personnel Changes*

Unlike many years, the proposed 2014 budget does not contain any significant personnel changes.

- Hire a part time seasonal code enforcement officer to assist with seasonal code issues such as grass and weeds, thereby freeing personnel to other code issues
- Consider a transition period for the retirement of the Borough Assistant Treasurer

These are the only personnel changes proposed.

### *All Labor Unions Now Have Active Labor Agreements*

The 2014 proposed budget includes those costs need to cover the four (4) groups of Borough employees:

- Police Department employees covered by the Chambersburg Police Officers Association have a labor agreement for 2014. The wages and benefits in this agreement were forced upon the Borough as a result of Act 111 Interest Arbitration in 2011.
- Emergency Services Department employees covered by the International Association of Fire Fighters (IAFF) Local #1813 have a labor agreement for 2014. The wages and benefits in this agreement were forced upon the Borough as a result of Act 111 Interest Arbitration in 2013.

- Those Highway, Recreation, utility department, and internal service fund department employees covered by the American Federation of State, County and Municipal Employees Local #246 have a labor agreement for 2014. These employees, unlike Police and Fire employees do not have the right of a state forced award. However, the Town Council recently agreed to a mixed deal of wage increases and benefit paybacks.
- The clerical, technical and management employees of the Borough have had their wages and benefits set unilaterally by Town Council. In most respects, these wages and benefits mirror the agreement between AFSCME Local #246 and the Borough.

### *Wage Increases for 2014*

#### **Chambersburg Police Officers Association**- Imposed by Arbitration Panel

	<b><u>2014</u></b>
Wages	+4% more
CPOA Employee Contribution to Pension Plan	-1% more: 3%
Median CPOA Employee Share of Health Insurance	-0.2% more, 1.2%

#### **International Association of Fire Fighters (IAFF) Local #1813** – Imposed by Arbitration Panel

	<b><u>2014</u></b>
Wages	+3% more
Local #1813 Employee Contribution to Pension Plan	-4% more: 4%
Median ES Dept. Employee Share of Health Insurance	-1.2% more, 1.8%

#### **American Federation of State, County and Municipal Employees Local #246**

– Contract approved in 2013

	<b><u>2014</u></b>
Wages	+4% more
Local #246 Employee Contribution to Pension Plan	-3% more: 3%
Median Local #246 Employee Share of Health Insurance	No change, 1.8%

#### **Clerical, Technical, and Management Employees** – Imposed by Town Council in 2013

	<b><u>2014</u></b>
Wages	+4% more
Non Bargaining Employee Contribution to Pension Plan	No change 3%
Non Bargaining Employee Share of Health Insurance	No change, 1.8%



### *Conclusion*

It is with great regret that I deliver the bad news enclosed in this budget. While our utility funds are in excellent financial condition, the General Fund has run out of time to get balanced in any way other than a tax increase.

Town Council needs to act in a clear and decisive manner to address the needs of the General Fund. It is no mistake that we just received an evaluation by Moody's Investor Services and Standard & Poor's. Both services were satisfied that Town Council, with adoption of the plan to address the shortcomings created by the recent Richard Kasher Arbitration Award, was going to take that action in the 2014 budget.

Our quick resolution to that question, would Town Council raise taxes, despite the displeasure of that action, insured that we continue to enjoy a favorable credit rating. Moody's affirmed Chambersburg's **Aa2** General Obligation credit rating but, they stated that our financial outlook remains negative. "The negative outlook reflects our expectation that the borough's General Fund financial position will remain challenged in the near-term given a reliance on one-time revenues and continued expenditure pressures related to contractual salaries and benefits."

We must address the costs of the General Fund without any one-time revenue source.

### **The Borough's finances are sound but require action for the future.**

Staff is proposing a budget that includes the following highlights:

- A reduction to the electric rate by 5%
- No change to the gas rate
- No change to the water rate
- No change to the sewer rate
- No change to the trash rate

Chambersburg would still have the lowest composite utility rates in Pennsylvania.

With respect to the General Fund, the 2014 Borough Manager's proposed budget contains the first real estate tax increase since 2007:

- a. An increase in the **Police Tax** from 20 mil to 21 mil (the average police tax bill would rise from \$336.20 to \$353.01 per single family house per year).
- b. A new **Fire Tax** at a rate of 2.5 mil (the average fire tax bill would be an additional \$42.03 per single family house per year)

### **All real estate taxes prior to 2014 were used exclusively to support the Police Department.**

No real estate taxes were used for any other purpose. Beginning in 2014, a portion of real estate taxes will also be used to support equipment and vehicles for the Emergency Services Department. No portion of real estate taxes will be used for any other purpose other than the Police Department or to support equipment and vehicles for the Emergency Services Department. Not to pay for streets, or parks, or utilities, or any other employees of the Borough; such as the Borough Manager or anything else.

The other state mandated taxes are set by law and are not changed year-to-year. They include the Local Services Tax, which is a \$1 per week tax on workers inside the Borough; the Earned Income and Wage

Tax, which is a set tax on wages earned by those who live inside the Borough; and the Deed Transfer Tax, which is a set tax when property inside the Borough is sold or transferred. Together, along with fees and fines, these categories make up the only revenues of the Borough.

Also, the Electric Department and the Gas Department make a Payment in Lieu of Gross Receipts Taxes (PILOTS) to the General Fund. If these two departments were private corporations, they would pay taxes to the Commonwealth, as such they are tax exempt. So, instead, they pay their taxes to support your General Fund (police, fire, ambulance, highway, and recreation) activities.

Finally, the other revenue received by the General Fund is grants. In most years, the Borough receives very little grant money. However, in 2012-2014, the Borough was lucky to be awarded a one-time U.S. Department of Homeland Security Staffing for Adequate Fire and Emergency Response (SAFER) Grant. These proceeds have really helped control costs in the General Fund.

However, **the SAFER Grant is ending in 2014 and we need to address these issues going forward.**

If there was any way to avoid the request of the Police Tax and the Fire Tax, I would offer it to Town Council, but the options are too illogical to contemplate. Further, these new taxes are a long time in coming; the last time Town Council faced this decision was December 2006 when discussing the 2007 budget.

I would like to take this opportunity to thank all involved in preparing this proposed budget, especially Jason Cohen, Finance Director, Rachel Krum, Assistant Finance Director, Carol Ehrenreich, Personnel and Payroll, Jamia Wright, Borough Secretary, Kristine Baker, Assistant Borough Secretary, and our amazing management staff. I would also like to thank those members of Town Council who provided ideas and guidance through this process.

I propose that Town Council authorize advertisement of this Proposed Budget on November 4, 2013.

I suggest that Town Council receive public comments on the Proposed Budget on November 18, 2013.

Finally, I would propose that Council adopt it on December 9, 2013. I promise staff's full cooperation as we try, together, to be fiscally prudent with the finances of our community as we plan for its future.

Sincerely,



Jeffrey Stonehill  
Borough Manager/Director of Utilities

11/4/2013

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# Mission, Policies, and Organization

*As Proposed for 2014 by Jeffrey Stonehill, Borough Manager*

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The Borough of Chambersburg

# Mission, Policies, and Organization

*As Proposed for 2014*

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The Borough of Chambersburg is a full service municipality organized under the Pennsylvania Borough Code to serve the citizens and businesses of Chambersburg. The Borough maintains a staff of over 200 full and part time employees to serve the community. Most borough operations are conducted through offices located at 100 South Second Street, Chambersburg's historic City Hall. The staff is dedicated to serving your needs.

As a full service municipality, Chambersburg supplies a wide variety of services; more services than any other municipality in the Commonwealth. In addition to typical municipal services such as highway (58 miles of streets), storm water collection system, planning, zoning, and code enforcement, Chambersburg operates our own Police force, a combination paid and volunteer Fire Department, a Basic Life Support EMS service, a recreation department with acres of parkland, downtown parking program, community and economic development including a Main Street downtown revitalization effort and an Elm Street neighborhood preservation program, and four utilities. Chambersburg is the only municipality in Pennsylvania to operate an Electric Utility, a Natural Gas Utility, a Water Utility, a Sanitary Sewer Utility, and a residential/commercial solid waste trash program. We are one of only 35 municipal electricity communities in Pennsylvania and the largest of the group in terms of customers. We are one of only two municipal natural gas utilities and the other, City of Philadelphia, does not operate its own electric system.

Situated as the County Seat of Franklin County, Chambersburg is a large and diverse community. Sometimes dealing with city issues, Chambersburg borough still maintains a small-town quality of life. According the PA Department of Community and Economic Development, boroughs are the second most common form of municipal government in Pennsylvania, their number exceeded only by the number of second class townships. The 962 boroughs represent 37.5% of all general-purpose municipal governments in Pennsylvania. Chambersburg has a 2012 population (U.S. Census Bureau: State and County QuickFacts) of 20,360 residents.

Chambersburg operates under the Council-Manager form of government. The Chief Administrative Officer of the organization is the Borough Manager, appointed by and serving at the pleasure of a majority of the Town Council. The Council, currently ten members, is elected by Wards for four year terms. The Council elects one of their own to serve as Council President, Council Vice-President, and Chairman and Vice-Chairman of the Finance Committee. The Council serves as the legislative and quasi-judicial branches of local government. Their mission is to preserve the fiscal security of the Borough and set long term objectives and goals for staff. They also engage in all types of community planning.

In 2013, the Borough will hold municipal elections where about half the elected seats on Town Council will be chosen. In January 2014, Town Council will hold its bi-annual reorganization meeting.

The Mayor is independently elected. Pursuant to the Pennsylvania Borough Code, the Mayor is the supervisor of the Borough Police Department, joins Council meetings as a non-voting member, and may approve local laws adopted by Council. The Mayor also serves as a dignitary representing the community.

## **BOROUGH OF CHAMBERSBURG**

### **Our Mission**

The Borough of Chambersburg is a municipal government in south central Pennsylvania committed to the well being of those people who live, work, play and travel in the community. We will strive to:

- Furnish such quality service as our citizens may want at a cost they may approve.
- Manage our human, financial and physical resources in the most efficient and effective manner.
- Treat our employees, citizens and visitors with fairness, respect and equality.
- Protect persons, property and quality of life.
- Operate in accordance with the laws and constitutions of the Commonwealth of Pennsylvania and the United States of America.
- Make Chambersburg the model for Pennsylvania communities.

**Borough Fiscal Calendar**  
(Borough Code is cited below as B.C.)

[www.newpa.com/get-local-gov-support/local-government-law-library/index.aspx](http://www.newpa.com/get-local-gov-support/local-government-law-library/index.aspx)

Fiscal Year:	January 1 through December 31
Prepare Proposed Budget: (B.C. Section 1307)	Beginning at least 30 days prior to adoption of budget.
Publish Notice of Proposed Budget: (B.C. Section 1308)	Before a 10-day public inspection period.
Public Inspection of Proposed Budget: (B.C. Section 1308)	For 10 days after notice.
Adopt Budget and Tax Ordinance: (B.C. Section 1310)	Budget must be adopted not later than December 31; tax ordinance to be adopted after adoption of budget.
Amending budget in years following municipal election (November of the odd numbered year): (B.C. Section 1311)	During month of January.
Proposed amended budget available for public inspection: (B.C. Section 1311)	10 days after notice is published.
Adopt amended budget: (B.C. Section 1311)	On or before February 15.
Issue tax duplicate to tax collector: (B.C. Section 1305)	Within 30 days after budget adoption or receipt of assessment roll, whichever is later.
Tax billing by tax collector: (Local Tax Collection Law)	Within 30 days after receiving tax duplicate, or 15 days if received after June 16.
Completion of audit by auditors or controller: (B.C. Section 1041[b])	Within 90 days after close of fiscal year.
File copies of audit report with borough secretary, clerk of court of common pleas, Department of Community and Economic Development and Department of Transportation: (B.C. Section 1041[d])	Not later than 90 days after close of fiscal year.
Auditors publish concise financial statement: (B.C. Section 1043)	Within 10 days after completion of the audit.
Appeal to court of common pleas from report: (B.C. Section 1044)	Within 40 days after filing of the auditor's report in court of common pleas.

## **BOROUGH OF CHAMBERSBURG FINANCIAL POLICY STATEMENT**

The Borough of Chambersburg has an important responsibility to its citizens to carefully account for public funds, to manage municipal finances wisely, and to plan for the adequate funding of services as desired by the public through their elected representatives, the Town Council. The financial goals and policy statement of the Borough is adopted concurrently with the formal adoption of the annual budget.



## **BOROUGH OF CHAMBERSBURG FINANCIAL GOALS**

Financial goals are broad and fairly timeless statements of the financial position of the municipality. The financial goals of the Borough of Chambersburg are as follows:

- To deliver quality services effectively and efficiently providing full value for each tax dollar, service fee, or other income collected;
- To maintain an adequate financial base to sustain the desired municipal services of the community; thereby preserving quality of life;
- To have the ability to withstand local and regional economic trends, to adjust our needs and requirements accordingly, and to respond to changes in a proactive and aggressive manner;
- To be conservative in our approach to financial management, to be open, transparent, and communicative whenever possible;
- To plan for impacts on future generations, to manage growth and change, and to never be impulsive with the people's trust.

## **BOROUGH OF CHAMBERSBURG OPERATING POSITION POLICY**

Operating position refers to the Borough's ability to (1) balance its budget on a current basis, (2) maintain reserves for emergencies, and (3) maintain sufficient cash to pay its bills in a timely basis (liquidity).

- The Borough will pay all current operating expenditures with current operating revenues. Budgetary procedures that fund current expenditures at the expense of future needs will be avoided.
- The Borough will establish a contingency reserve in the annual operating budget to: a) provide for non-recurring unforeseen expenditures of an emergency nature; b) provide orderly budgetary adjustments when revenues are lost through the actions of other governmental bodies; c) provide the local match for public or private grants that may become available; and d) to meet unexpected small increases in service delivery costs. This reserve will be maintained at one percent (1%) of the general operating budget.
- The Borough will strive to maintain the unreserved, undesignated fund balance of the General Fund at a level of at least equal to five percent (5%) of the total General Fund budget.
- The Borough will use fund balances for one-time capital or emergency expenditures only if: a) they are surplus balances remaining after all reserve and fund allocations are made; or b) the Borough has made a rational analysis with justifying evidence that it has an adequate level of short- and long-term resources.
- The Borough will prepare a cash-flow analysis of all funds on a regular basis. Disbursements, collections and investments will be managed to provide sufficient cash for daily financial needs.
- The Borough will prepare quarterly reports summarizing operating revenues and operating expenditures, as well as major balance sheet items to the extent practical.

## **BOROUGH OF CHAMBERSBURG REVENUE POLICY**

Revenues determine the Borough's capacity to provide services.

- The Borough will strive to maintain a diversified and stable revenue base as protection from short-term fluctuations in any one revenue service.
- The Borough will project revenue for the General Fund and all operating funds each year for at least the next three years. Each existing and potential revenue source will be re-examined each year. Revenue estimates will be conservative and developed in an objective and reasonable manner.
- The Borough will strive to reduce reliance on the property tax by: a) expanding and diversifying the Borough tax base; b) seeking to develop additional revenue sources; c) seeking State legislation for alternate local taxes; and d) being aware of and considering all meaningful, appropriate grants for which it is eligible.
- The Borough will strive to maintain the annual rate of property tax collections at 99%.
- The Borough will carefully and routinely monitor receivables and manage collection of amounts due.
- The Borough will use one-time or special purpose revenues to finance capital projects or for expenditures required by the revenue, and not to subsidize recurring personnel, operating or maintenance costs.
- Proceeds from the sale of Borough surplus properties, when not otherwise earmarked or legally designated to another fund, will be transferred to the capital reserves.
- The general governmental functions will strive to recover, on average, a minimum of 35% percent of total costs by generating revenues through fees and charges for special programs or the use of Borough facilities and equipment.
- Our Enterprise Funds will generate revenue sufficient to support the full direct and indirect costs of not only utility operation but a Payment in Lieu of Taxes (PILOT) contribution to the General Fund.
- The Borough will periodically review its financial structure and related administrative measures to ensure that they act as appropriate deterrents to acts by the public which violate the Borough's local Code of Ordinances.

## **BOROUGH OF CHAMBERSBURG EXPENDITURE POLICY**

Expenditures are rough measures of the Borough's service output. The expenditure policy also attempts to measure how effective the services are and how efficiently they are delivered.

- The Borough will maintain a balanced annual operating budget in all governmental funds.
- The Borough will pay for all current operating and maintenance expenses from current revenues and other financing sources.
- The Borough will integrate performance and productivity measures into the budget where possible.
- The Borough will determine the cost of all internal services, including overhead, and seek complete reimbursement of such services.
- The Borough will provide adequate funding for all employee benefits in the annual operating budget.
- The Borough will maintain a budgetary control system which will enable it to adhere to the adopted budget.
- The Borough will maintain a payment review and approval process with special emphasis on large payments to ensure accuracy.
- The Borough will encourage the delivery of services, in whole or in part, by other public and private organizations whenever and wherever greater efficiency and effectiveness can be expected.
- The Borough will utilize technology and productivity advancements that will help reduce or avoid increasing personnel costs.
- The Borough will maintain an effective risk management program to minimize losses and reduce insurance costs.
- The Borough will seek arrangements to share services with other municipalities where costs are reduced.

## **BOROUGH OF CHAMBERSBURG DEBT POLICY**

Debt is an effective way to finance capital improvements, but its misuse can cause serious financial problems.

- The Borough will not use short-term borrowing to finance operating needs except in the case of extreme financial emergency. Short-term borrowings include budget, tax and revenue anticipation notes.
- The Borough will use long-term debt for only those capital improvements that cannot be readily financed from current revenues.
- The final maturity date for any long-term debt will not exceed the expected useful life of the capital improvement so financed.
- The net (non-self supporting) general obligation debt of the Borough will not exceed 5% of the total assessed value of taxable property; or \$500 per capita.
- The Borough will use special assessments, revenue bonds, and/or any other available self-liquidating debt instruments instead of general obligation bonds whenever possible and appropriate.
- The Borough will encourage and maintain good relations with Finance and Bond rating agencies, and will follow a policy of full and open disclosure on every financial report and bond prospectus.

## **BOROUGH OF CHAMBERSBURG CASH POLICY**

The timely deposit and investment of Borough monies are an important fiscal responsibility.

The Borough's investment policy is guided by four fundamental principles: legality, safety, liquidity and yield.

- The Borough will deposit its monies only in bank or trust companies located and authorized to do business in Pennsylvania; and authorized as an official Borough depository by the Town Council.
- The Borough will invest its monies only in those investment vehicles authorized by State statutes.
- The Borough will collateralize all deposits and investments at 105% of the market value of such deposits and investments.
- The Borough will prepare a cash flow analysis of all funds on a regular basis.
- Disbursements, collections, deposits and investments will be managed to ensure maximum cash availability.
- The Borough will pool cash from its various funds to obtain the maximum possible return on its investments. Interest will be credited to the source of the invested monies.
- Interfund cash loans will be recognized and repaid as if the loans were with outside agencies.

## **BOROUGH OF CHAMBERSBURG LIQUID INVESTMENTS POLICY**

The Borough maintains liquid financial resources and those resources are invested while in holding. The following, other than State law, guides this practice:

- The Borough will not invest in the following:
  - Options or futures contracts;
  - Non-marketable securities;
  - Un-registered securities;
  - Derivatives;
  - Private placements;
  - Speculative Real Estate (excluding diversified REIT mutual funds);
  - Short selling or the purchase of securities on margin or swaps;
  - Commodities other than those necessary for operating;
  - Oil, gas, timber, or natural resource properties or other mineral rights;
  - Warrants;
  - Venture capital;
  - Securities lending;
- The on-going monitoring of investments must be a regular and disciplined process. It is the mechanism for revisiting the investment option selection process and confirming that the criteria originally satisfied remain so and that the investment continues to be a prudent investment. While frequent change is neither expected nor desirable, the process of monitoring investment performance relative to specified guidelines is an on-going process. The Finance Director shall periodically monitor and address the criteria used in the investment selection process. It is possible that for a short period of time a recommended investment may fall outside of the range of the investment guidelines. This investment will be scrutinized closely to determine the reason for fluctuation, the amount of divergence, and the time period that is anticipated the investment will remain at levels outside of the guidelines. Any exception to the investment guidelines will be properly documented.
- The Finance Director shall submit a report that will highlight the investment guidelines set forth in this Investment Policy. Any exception to the investment guidelines and a recommended course of action will also be addressed in writing. The Town Council may review the investments in a timely manner. The Town Council may, on a quarterly basis, evaluate each investment in terms of its performance compared to relevant market indices and peer groups over trailing three-, five-, and ten-year periods. Greater weight will be given to five- and ten-year performance, since longer-term market cycles are more meaningful. Investments consistently under-performing in terms of risk and return will be carefully scrutinized to determine if action is warranted. Both the Finance Director and Town Council will maintain a copy of this policy for their files.



**BOROUGH OF CHAMBERSBURG**  
**FUND BALANCE REPORTING AND GOVERNMENTAL FUND TYPE DEFINITIONS POLICY**

**In Accordance With**  
**Governmental Accounting Standards Board (GASB) Statement No. 54**

In accordance with the Governmental Accounting Standards Board statement number 54, the Borough of Chambersburg hereby adopts this fund balance policy. The Borough hereby establishes and will maintain reservations of fund balance in the manner further described herein. This policy is limited to the Borough's "governmental funds". The components of the fund balance will be identified and reported as non-spendable, restricted, committed, assigned and unassigned amounts. These components within the fund balance are used to identify the availability of resources and the corresponding limitations on spending decisions.

Another purpose of this policy is to establish guidelines for maintaining a sufficient fund balance to mitigate the financial risk that can occur from unforeseen revenue fluctuations and unanticipated expenditures. An adequate fund balance also provides cash liquidity necessary for the smooth operation of the general fund.

Fund balance is a measurement of available financial resources and is the difference between total assets and total liabilities within a fund.

The amounts within the fund balance are classified by the relative strength of restraints placed upon those funds. This is a categorization of the purposes for which those specific amounts can be spent. Starting with the most "binding" constraints with which the fund balance amounts shall be reported, the following are the required classifications of fund balance:

- Non-spendable - amounts that cannot be spent because they are not in a spendable form or are limited by contract and are legally required to remain intact. Examples of non-spendable assets are: inventories, prepayments, and the principal of a permanent fund
- Restricted - amounts limited by external parties or legislation. Examples of restricted assets are grants and donations with certain limitations.
- Committed - amounts limited by Borough Council policy or their specific action. An example of a committed resource would be an allocation of funds for an anticipated purchase or project.
- Assigned - amounts earmarked for a particular purpose and specifically intended to be used some time in the future.
- Unassigned - amounts available for expenditure and not at all restricted or limited in any manner. This would include any residual funds remaining at year end.

Order of Spending

Restricted and unrestricted funds

When an expenditure is incurred for purposes for which both restricted and unrestricted resources are available, the Borough's policy is to spend those resources the following order:

1. Restricted
2. Unrestricted

## Unrestricted - Unassigned, Assigned, Committed

Unless the Borough Code or the Town Council or the Borough Manager approves use of committed or assigned resources, the Borough policy is to spend unrestricted resources in the following order:

1. Unassigned
2. Assigned
3. Committed

## Delegation of Responsibility

The responsibility for designating funds to specific classifications shall be as follows:

1. Restricted - may be determined by Borough Council
2. Committed - may be assigned by Borough Council
3. Assigned - may be assigned by Borough Council

## Minimum Fund Balance Requirements

A minimum of 5% of the total budgeted expenditures (including interfund transfers out) shall be budgeted as the residual unassigned fund balance at year end.

Whenever a situation occurs whereas the minimum required fund balance will not be attained, whether in the budget process or during operation of the current year, certain actions shall be ordered by Borough Council. The three methods that can be employed in increasing the fund balance would be the following:

1. Increasing general fund revenues via tax or other revenue increases. These would basically be increases in tax rates and/or charges for services.
2. Decreasing general fund expenditures.
3. Increasing transfers (not requiring repayment) from other Borough funds.

## **BOROUGH OF CHAMBERSBURG POST-ISSUANCE DEBT COMPLIANCE POLICY**

This policy has been established by the Borough of Chambersburg to ensure post-issuance compliance for tax-exempt bonds or notes and taxable bonds or notes that have been or will be issued by the Borough of Chambersburg. This policy may be amended from time to time by the Borough of Chambersburg.

### **I. *Purpose***

The purpose of these post-issuance compliance policies (the "Policies") for tax-exempt bonds or notes and taxable bonds or notes (to the extent applicable) that have been, and will be, issued by the Borough of Chambersburg (the "Issuer") is to ensure compliance with (a) federal tax rules pertaining to expenditure of proceeds for qualified costs, rate of expenditure, use of bond financed property, investment of proceeds in compliance with arbitrage rules, and retention of records; (b) disclosure requirements as to all obligations issued by the Issuer to which such disclosure requirements apply; and (c) all miscellaneous state law and document requirements during the term of any Issuer financing.

### **II. *The Post-Issuance Compliance Coordinator***

The Post-Issuance Compliance Coordinator has the overall, final responsibility for monitoring whether the tax-exempt bonds or notes and any taxable bonds or notes (to the extent applicable) issued by the Issuer continue to comply with post-issuance requirements.

1. The Post-Issuance Compliance Coordinator (the "Coordinator") will be appointed by the Council of the Issuer (the "Council") at a regularly scheduled and duly held meeting. This person will be the individual who will be responsible for (whether by undertaking or by designating) the required monitoring activity, and the required reporting and disclosure activity.
2. The Coordinator will determine how often a review of tax-exempt bonds or notes and taxable bonds or notes should be conducted. While any tax-exempt bonds or notes and taxable bonds and notes are outstanding, reviews shall be conducted at least annually.
3. The Coordinator will form a Post-Issuance Compliance Team (the "Team") and appoint individuals to the Post-Issuance Compliance Team (each a "Team Member"), as the Coordinator believes are appropriate to implement the Policies. The Coordinator will communicate with the members of the Team when necessary. Initially, the Team shall consist of the Borough Manager and Borough Treasurer. The Team may consult with third parties as they deem necessary to effectuate post-issuance compliance.
  - a. Before any new issuance of debt, the Coordinator may hold a debt strategy meeting to coordinate the Issuer's long-term debt strategy. That meeting may include, as determined by the Coordinator, the Issuer solicitor, the underwriter of the debt (if applicable), the Issuer's bond or note counsel and such other persons as determined necessary by the Coordinator.
  - b. After any new issuance of debt, the Coordinator will identify the required monitoring activities and a schedule for such monitoring activities, and undertake or designate each required activity to a responsible Team Member.
  - c. The Coordinator will periodically attend relevant training sessions to remain informed of the laws and regulations affecting tax-exempt and taxable bond issues (if any), as those laws may change.
4. Responsibilities of the Team include:
  - a. Investment of Proceeds;
  - b. Project completion, and other expenditure of proceeds, if applicable;
  - c. Post-completion final tax allocation, if any;
  - d. Rebate compliance;
  - e. State law allocations and reporting;
  - f. Bond financed property and other bond issue inventory;
  - g. Private use monitoring;
  - h. Arbitrage/ sinking fund/ replacement proceeds monitoring;

- i. Development of comprehensive annual monitoring, reporting and testing schedule;
  - j. Rating agency and bond insurer surveillance;
  - k. Project change of use or project disposition;
  - l. Record retention policies;
  - m. Tax returns;
  - n. Continuing disclosure; and
  - o. Annual covenant compliance review, including tax covenants.
- Certain of these responsibilities are more fully described below.
5. The Coordinator will engage, as necessary, periodic Issuer solicitor or bond counsel reviews, including its review of any proposed change in the use of bond proceeds, or material amount of private business use.

### **III. *Identifying Required Monitoring Activity and Schedule Reviews***

1. Identify all financing obligations, including tax-exempt bonds and notes and taxable bonds and notes (including TANs / RANs, and Small Borrowings). (For purposes of these Policies, and where applicable, the term "bonds" also refers to "notes.")
2. The Issuer will establish routines for monitoring on-going compliance that are consistent with discovering any noncompliance in a timely manner so that it may be corrected. While specific review processes are described in detail below, timing for certain reviews will be as follows:
  - a. All contracts, leases or other arrangements providing special legal entitlement to use of bond-financed facilities will be reviewed prior to execution to ensure that they will not cause private use limits to be exceeded with respect to any issue of bonds.
  - b. With respect to each bond issue, the Issuer will ensure that it understands at the time of bond closing which funds and accounts containing bond proceeds may become subject to yield-restriction investment rules and will keep on file when such rules will begin to apply.
  - c. While rebate calculations may be performed more often, the Issuer will ensure upon the fifth anniversary date of the issuance date of the bonds, every five years thereafter, and upon final retirement of the bonds, that either no rebate is owed or provision has been made for the payment of any rebate owed within 60 days. The Issuer will consult with and retain appropriate rebate calculation professionals necessary to assist in this undertaking.
  - d. Prior to executing any contract, lease or other document which would materially change the use of the bond-financed project or selling of any bond-financed property, the Issuer will (i) confirm that such change will not require a remedial action to be taken with respect to any bond issue, (ii) take a remedial action, if necessary, or (iii) discuss with bond counsel whether a voluntary closing agreement with the Internal Revenue Service is appropriate.

### **IV. *Record Retention Program***

1. It is the policy of the Issuer that written records (which may be in electronic form) will be maintained with respect to each issue of tax-exempt bonds or notes for as long as such bonds remain outstanding, plus six years. For this purpose, such bonds include refunding bonds that refund the original bonds and thereby refinance the property that was financed by the original bonds.

The Coordinator (or designate) shall create a file for each series.

The following records shall be collected and maintained with each file, whether in unified form or by separate members of the Team:

- a. The official Transcript of Proceedings for the original issuance of the bonds;
- b. All documents regarding investment of bond proceeds and investment income, including purchases or sales of investments made with bond proceeds (including amounts treated as "gross proceeds" of bonds under Section 148 of the Internal Revenue Code of 1986, as amended (the "Code")) and receipts of earnings on those investments;

- c. All documents (if any) regarding bidding for GICs, bidding for open market escrow securities, or bidding for any other investments;
- d. All records regarding expenditure of bond proceeds, including invoices and/or requisitions for: costs of issuance, credit enhancement, a debt service reserve fund, construction period interest, project expenditures, and any other expense until the final allocation of proceeds (including investment earnings on bond proceeds);
- e. All records pertaining to project draw schedules, construction contracts, contracts regarding acquisitions of property or equipment;
- f. Depreciation schedules regarding bond financed property or equipment;
- g. All documents relating to security for the bonds;
- h. All documents relating to any swap or other hedge or derivative agreements, including the bidding thereof;
- i. All documents regarding periodic interest rates on variable rate bond issues;
- j. All trustee records and reports;
- k. All documents relating to yield calculations;
- l. All documents relating to arbitrage compliance and to any spend-down calculations, rebate calculations and/or payments, or yield reduction payments, including computations, legal opinions and IRS Forms 8038-T;
- m. Records regarding payment of debt service on the bonds; and
- n. All records regarding third party use of the bond financed facilities beginning with policies and form contracts, including:

Service contracts, management contracts, sales or disposition of bond financed facilities, leases, subleases, leasehold improvement contracts, joint venture contracts relating to bond financed facilities, LLC contracts relating to bond financed facilities, partnership agreements relating to bond financed facilities, any other documents relating to private use of bond financed facilities. The basic purpose of the foregoing record retention policy for the tax-exempt bonds issued by the Issuer is to enable the Issuer to readily demonstrate to the Internal Revenue Service upon an audit of any tax exempt bond issue that the Issuer has fully complied with all federal tax requirements that must be satisfied after the issue date of such bonds so that, as applicable, interest on those bonds continues to be tax-exempt under section 103 of the Code.

Note: If records are kept electronically, refer to Rev. Proc. 97-22, Section 4.01.

The Coordinator may elect, to the extent the Coordinator deems necessary, to extend the Record Retention Program to those taxable bonds and notes issued for the benefit of the Issuer.

**V. *Tax Requirements Associated with Sale and Issuance of Bonds or Notes***

- 1. The “issue price,” as defined in the Code, of the bonds will be documented at the time of issuance. Certifications of an underwriter if applicable, placement agent or purchaser and a final numbers package will establish “issue price” and will be reviewed and included in the bond transcript or other records maintained for the bond issue.
- 2. The weighted average maturity (taking into account the various issue prices of the maturities of the bonds) will be documented at the time of issuance.
- 3. An estimated average economic life of the expected bond-financed projects will be documented at the time of issuance.
- 4. Form 8038-G (tax exempt bonds) will be reviewed and filed not later than the 15th day of the 2nd calendar month following the quarter in which the bonds were issued. Filing of appropriate version or versions of Form 8038 will be confirmed with bond counsel.

## **VI. *Expenditure of Proceeds***

The Issuer shall maintain detailed records of expenditures of tax-exempt bond proceeds, and such expenditures will be reviewed by the Coordinator, or the designated Team Member.

1. Bond proceeds will be disbursed pursuant to an approved form of requisition as prepared by bond or note counsel, stating the date, amount and purpose of the disbursement. Any initial disbursement of bond or note closings may be made pursuant to direction set forth in the Closing Receipt, Closing Statement and Settlement Reconciliation prepared by bond or note counsel and delivered at the closing for such bonds.
2. Requisitions must identify the financed property in conformity with the Tax Certificate or Non-Arbitrage Certificate executed by the Issuer at closing, including any certifications as to the character and average economic life of the bond or note financed property.
3. Investment earnings on sale proceeds of the bonds or note will be tracked and will be requisitioned only for appropriate expenditures.
4. Only a small portion (5%) of the proceeds of bonds or notes for construction may be used for operating expenses or other “working capital” costs. Requisitions for costs of the bond financed facilities will accordingly be monitored to confirm that they are for capital costs of such facilities.
5. Requisitions for costs that were paid prior to the issuance of the bonds or notes are, in general, limited to capital costs paid subsequent to, or not more than 60 days prior to, the date a “declaration of intent” to reimburse the costs was adopted by the Issuer. If proceeds are used for reimbursement, a copy of the declaration will be obtained and included in the records for the bonds or notes, if not already part of the closing transcript for the bonds or notes.
6. Requisitions will be summarized in a “final allocation” of proceeds to uses not later than 18 months after the in-service date of the financed property (and in any event not later than 5 years and 60 days after the issuance and delivery of the bonds or notes).
7. Expenditure of bond or note proceeds will be measured against the expectations as set forth in the Tax Certificate (or Non-Arbitrage Certificate) as to the spending of bond or note proceeds. Expected expenditure schedules, project timelines, and plans and specifications will be maintained to support expectations. Reasons for failure to meet the expected schedule will be documented and retained in the records for the bonds or notes.
8. Expenditure of bond or note proceeds will be monitored for compliance with spending exceptions to the rebate requirement, as follows:
  - a. If the 6-month spending exception to rebate applies, expenditure of the bond or note proceeds (excluding bona fide debt service funds) will be at least 100% complete within 6 months of the date of issuance.
  - b. If the 18-month spending exception to rebate applies, expenditure of bond or note proceeds will be monitored against the following schedule for the arbitrage rebate exception for the issue, if applicable:
    - 15% within 6 months
    - 60% within 12 months
    - 100% within 18 months
  - c. If the 2-year spending exception to rebate applies, expenditure of “available construction proceeds” will be monitored against the following schedule for the arbitrage rebate exception for construction issues if applicable:
    - 10% within 6 months
    - 45% within 12 months
    - 75% within 18 months
    - 100% within 24 months
9. Bond-funded reserve funds, if any, cannot exceed the least of (i) 10% of the par amount of the bonds or notes (or the issue price of the bonds or notes, if there is more than a de minimis amount of original issue discount or premium), (ii) maximum annual debt service, and (iii) 125% of average annual debt service. The initial funding of any reserve fund will be measured against this limit.

## **VII. *Arbitrage Yield Restriction and Rebate Requirements***

1. The Coordinator, or the designated Team Member, shall create and maintain records of:
  - a. Purchases or sales of investments made with bond or note proceeds (including amounts treated as “gross proceeds” of bonds or notes under Section 148 of the Code) and receipts of earnings on those investments;
  - b. The final allocation of the proceeds (including investment earnings on bond or note proceeds), of obligations issued by the Issuer;
  - c. Information, when applicable, showing that the Issuer was eligible for any exemptions to the rebate requirements that were or will be claimed under the Code;
  - d. Information, when applicable, sufficient to demonstrate to the Internal Revenue Service upon an audit of a bond or note issue that the bond or note issue has complied with one or more available spending exceptions to the arbitrage rebate requirement with respect to that bond or note issue;
  - e. Information and calculations, when applicable, that will be sufficient to demonstrate to the Internal Revenue Service upon an audit of a bond or note issue, for which an exception to the arbitrage rebate requirement was applicable, that the rebate amount, if any, that was payable to the United States of America with respect to investments made with gross proceeds of that bond issue was calculated and timely paid with Form 8038-T timely filed with the Internal Revenue Service; and
  - f. Information and records showing that (i) investments held in yield-restricted advance refunding or defeasance escrows for bonds or notes, and (ii) investments made with unspent bond proceeds after the expiration of the applicable temporary period, were not invested in higher-yielding investments.
2. If, from examination of the above-referenced records, it becomes clear that a payment is owed, the Coordinator will refer the matter to bond or note counsel or a rebate professional and will ensure that all necessary payments are made in a timely manner.

## **VIII. *Use and Ownership of Bond-Financed Property***

Use of bond-financed property when completed and placed in service will be reviewed by the Coordinator, or the designated Team Member.

1. Average use of bond-financed property for a private business use over the life of the issue cannot exceed 10% of the proceeds (including up to 2% for costs of issuance).
2. Average use of bond-financed property for a private business that is unrelated or disproportionate to the Issuer’s use over the life of the issue cannot exceed 5% of the proceeds (including up to 2% for costs of issuance).
3. The Coordinator, or the designated Team Member, shall determine the Issuer’s compliance with the 10% and 5% requirements in accordance with Section 141 of the Code and the regulations thereto.
4. Agreements with business users or non-profit organizations for lease or management or service contracts, sponsored research, naming rights or any other potential nonexempt use of bond-financed property will be reviewed prior to execution of any contract to determine if property subject to the agreement is bond-financed.
5. Agreements with business users or other non-profit organizations for lease or management or service contracts or other private business use involving bond-financed property will be tracked and aggregated with other private business uses for compliance with the limits as set forth in the Tax Certificate or Non-Arbitrage Certificate.
6. No item of tax-exempt bond-financed property will be sold or transferred to a nonexempt party without (i) an opinion of bond counsel that such sale or transfer will not cause interest on the bonds to cease to be tax-exempt; or (ii) advance arrangement of a “remedial action” under the applicable Treasury Regulations after consultation with bond counsel.
7. To the extent that the Issuer discovers that any of the above limitations have been violated, the Issuer will seek advice of the Issuer solicitor or bond counsel and take appropriate measures to remediate the violation, if necessary.



## **IX. Investments**

Investment of bond proceeds in compliance with the arbitrage bond rules and rebate of arbitrage will be supervised by the Coordinator, or the designated Team Member.

1. Guaranteed Investment Contracts (“GIC”) will be purchased only using the three-bid “safe harbor” of applicable Treasury regulations (see Treas. Reg. § 1.148-5(d)(6)(iii)), in compliance with fee limitations on GIC brokers (see Treas. Reg. § 1.148-5(e)(2)(iii)); provided, however, that to the extent that the safe harbor provisions cannot be met, the Issuer will consult with the Issuer solicitor or bond counsel.
2. Other investments will be purchased only in market transactions.
3. Calculations of rebate liability will be undertaken as set forth above in numbered paragraph VII.

## **X. Refundings**

When tax-exempt bonds or notes are used to refund other bonds or notes (the “Refunded Bonds”), the new bonds or notes (the “Refunding Bonds”) will be treated as having financed the property originally financed with the Refunded Bonds (or any bonds refunded by the Refunded Bonds), such that financed property must be tracked until the last bonds (whether Refunded Bonds or Refunding Bonds) attributable to that property are retired. The Coordinator, or the designated Team Member, will continue reviewing the use of the any bond-financed property until the last bonds attributable to that property are retired; except to the extent that tracking is no longer required due to the economic life of the property coming to an end.

Refunding Bonds the proceeds of which are used to retire Refunded Bonds more than 90 days after the issue date of the Refunding Bonds are “Advance Refunding Bonds.” Advance Refunding Bonds have additional federal tax requirements in order to be tax-exempt bonds. In order to comply with these additional requirements, the Coordinator, or the designated Team Member, will:

1. Confirm directly, or in conjunction with a financial advisor or underwriter, the Issuer solicitor and/or bond counsel, that the issuer does not issue Advance Refunding Bonds that would violate the limit on the number of advance refundings for any of its tax-exempt bonds;
2. Confirm directly, or in conjunction with a financial advisor or underwriter, the Issuer solicitor and/or bond counsel, that the Refunded Bonds are being redeemed on their earliest call date or other allowable date;
3. Confirm directly, or in conjunction with a financial advisor or underwriter, the Issuer solicitor and/or bond counsel, that all non-bond proceeds amounts going into any Refunded Bond escrow comply with the rules relating to mixed escrows (meaning escrows which are funded with bond proceeds and non-proceeds) (see Treas. Reg. § 1.148-9(c)(2));
4. To the extent that investments other than United States Treasury Securities – State and Local Government Series (“SLGs”) will be placed in an escrow, confirm directly, or in conjunction with a financial advisor or underwriter, the Issuer solicitor and/or bond counsel, that SLGs were not a more efficient investment on the date of the bidding of any other type of investment; or, to the extent that SLGs sales have been suspended on such date, confirm that the safe harbors for determining the fair market value of yield-restricted defeasance escrows have been met (see Treas. Reg. 1.148-5(d)(6)(iii)). To the extent that SLGs are unavailable and the Issuer cannot obtain at least three bids to provide other investments, the Issuer will consult with the Issuer solicitor or bond counsel and a financial advisor or underwriter on how to proceed;
5. To the extent that an escrow funded with Advance Refunding Bond proceeds requires future purchases of 0% SLGs in order to comply with the applicable yield restrictions, the Issuer will purchase the 0% SLGs directly or, by written agreement, cause an escrow agent to purchase such SLGs. If the SLGs are to be purchased by an escrow agent, the Issuer will confirm that such SLGs have actually been purchased, or, to the extent SLGs sales are suspended, comply with alternate procedures (which currently are provided in Rev. Proc. 95-47); and
6. Determine whether it will measure private business use using a combined measurement period (meaning starting with the issue date of the Refunded Bonds and ending with the final retirement of the Refunding Bonds) or separate measurement periods for the Refunded Bonds and the Refunding Bonds; provided, that the Issuer may not use separate periods if the Refunded Bonds

were not in compliance with the private business use limits measured from their date of issuance to the date of issuance of the Refunding Bonds.

## **XI. *Correction of Violations***

The Issuer expects that its compliance with the procedures outlined in Articles IV - X above will prevent any violations of federal tax rules pertaining to its outstanding tax-exempt bonds or notes (including any Refunded Bonds). However, if the Issuer discovers a potential violation through its ongoing monitoring or otherwise, it will determine in conjunction with its bond or note counsel whether a violation actually exists. If it is found that a violation actually exists, the Issuer will determine whether (i) any remedial actions are available, or (ii) a voluntary closing agreement with the Internal Revenue Service is appropriate. The Issuer is specifically aware of the availability of the Tax Exempt Voluntary Closing Agreement Program, as described in the Internal Revenue Manual, Part 7, Chapter 2, Section 3. Common examples of violations are as follows:

1. Failure to purchase 0% SLGs at the appropriate time.
2. Non-exempt use of bond-financed property resulting in overall non-exempt use in excess of the 5% de minimis limit.
3. Failure to pay rebate in a timely manner.
4. Improper reimbursement of expenditures (too old or not capital).

## **XII. *Continuing Disclosure Activity***

1. SEC Rule 15c 2-12 requires certain reporting commitments for each issue. The Post-Issuance Compliance Coordinator, or the designated Post-Issuance Compliance Team Member, shall:
  - a. Determine the applicability of the continuing disclosure undertaking;
  - b. Identify all “obligated persons” for purposes of Rule 15c2-12;
  - c. Identify required filings, which may include: quantitative financial information and operating data disclosed in the official statement, audited financial statements, changes in fiscal year, and other information as specified in any Continuing Disclosure Agreement or Certificate;
  - d. Periodically determine that required filings have been prepared, sent to, and received by a Nationally Recognized Municipal Securities Information Repository (“NRMSIR”);
  - e. Disclose events listed below within 10 days of occurrence, including:
    - i. Principal and interest payment delinquencies;
    - ii. Non-payment related defaults, if material;
    - iii. Unscheduled draws on debt service reserves reflecting financial difficulties;
    - iv. Unscheduled draws on credit enhancements reflecting financial difficulties;
    - v. Substitution of credit or liquidity providers, or their failure to perform;
    - vi. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue of the security (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the securities, or other events affecting the tax status of the security;
    - vii. Modifications to rights of holders of the bonds, if material;
    - viii. Bond calls, if material;
    - ix. Defeasances;
    - x. Release, substitution or sale of property securing repayment of the bonds, if material;
    - xi. Rating changes;
    - xii. Tender offers;
    - xiii. Bankruptcy, insolvency, receivership, or a similar proceeding by an obligated person;
    - xiv. Consummation of a merger, consolidation, acquisition, or sale of all or substantially all of the assets of an obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an

- action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- xv. Appointment of a successor or additional trustee or paying agent or the change of name of a trustee or paying agent, if material.
- f. Determine if it is in the best interest of the Issuer to retain a third-party dissemination agent to facilitate post-issuance continuing disclosure/filing and other requirements.
2. Determine if any bond purchase agreement requires the Issuer to notify underwriters of any fact or event that might cause the official statement to contain any untrue statement or omit a material fact, and make such notification as necessary.

**XIII. *Other Required Reporting***

1. For each issue of bonds, the Coordinator, or the designated Team Member, shall, as required by any finance documents or covenants associated with such issue, or as required by laws or regulations governing such issue, maintain all records necessary to satisfy reporting requirements.
2. Determine what information, if any, must be filed with other entities such as Trustees or Paying Agents, Banks, Rating Agencies, Dissemination Agents, Bond Insurers, Credit Enhancers, *et cetera*, and make such filings as necessary;
3. Determine what, if any, state and local requirements are applicable to any issue;
  - a. Provide proof of filing UCC statements, as applicable;
  - b. Monitor continuation statements, as necessary;
  - c. Provide proof of filing recorded mortgages, deeds of trust, *et cetera*, with appropriate authorities;
4. Provide proof of insurance coverage, as necessary;
5. Monitor compliance with rate covenants or other financial covenants;
6. Monitor compliance with restrictions on transfers of property, including liens and encumbrances;
7. Ensure compliance with restrictions on types of investments, in addition to any limitations imposed by applicable tax code restrictions; and
8. Ensure compliance with restrictions on derivative and swap contracts.

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## *Glossary*

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The following glossary contains a number of terms which often arise in the administration of specialized municipal programs. The glossary, while not intended to be all inclusive, does contain terms often used by financial, planning, legal and technical specialists in their dealings with a municipal official.

**Administrative** - Pertaining to management of functions and activities, as opposed to legislative and judicial decision making.

**Agency and Trust Funds** - Such funds are established to account for cash and other assets held by a municipality as agent or trustee for another party such as Electric Department customer deposits. The two classes of funds are similar because the resources of the funds are not assets of the municipality but, through the operation of law or by agreement, the municipality is responsible for their accountability. An example of the agency fund is the Firemen's Relief Fund whose assets are received with the purpose of being paid to the Firemen's Relief Association. The Police Pension Fund, administered by the municipality, is an example of a trust fund.

**Agenda** - A list of items to be brought up at a meeting.

**Budget Amendment** - An alteration, addition or deletion which changes the meaning or scope of this original formal document. Often these are laws or regulations. However plans or specifications can also be amended. The Borough Manager is herein authorized to complete Budget Amendments as necessary and directed by Town Council.

**Appropriation** - The sum of money authorized by a Town Council to be spent for an expenditure by cost center.

**Assessment** - The value placed on an item of real or personal property for property tax purposes. The rate of tax times the value equals the amount of charge levied on the property. It may also be a special charge levied on each property within a special assessment district for an improvement benefiting the property or for a service provided only within the district.

**The property assessment for the Borough of Chambersburg, as calculated by the Franklin County Board of Assessment, as of September 24, 2013, is \$ 195,733,470.**

**Audit** - An examination of the financial activities of the Borough and the report based on such examination by our independent auditors, Smith, Elliot, Kearns & Company, LLC.

**Bond** - A document issued by a person in exchange for money promising to pay money to the person who holds the document on a specific date for a specific purpose or unless a specific payment is not made. Bonds normally bear interest. They are both a common way of raising money for capital improvements and securing payment by developers and vendors for their obligations.

**Budget** - A plan for spending and receiving money to sustain municipal operations during a fiscal year together with related explanation. A capital budget is such a plan for financing purchase or construction of items of high cost and long life, such as fire apparatus, streets and buildings.

**Building Permits (including Use and Occupancy Permits)** - The Borough of Chambersburg requires any person constructing or improving a building to secure a Land Use Permit and Uniform Construction Code Permit. The Borough utilizes a third party agency, Commonwealth Code Inspection Services, for many permit and inspection activities. A valid Certificate of Occupancy may also be required.

**Capital Reserve** – Funds where expenditures are made to acquire fixed assets or additions known as capital outlays. These expenditures are recorded in their corresponding funds where the assets are to be used. Ultimately, under good property accounting, such assets acquired will be reflected in the general fixed assets group of accounts. In Chambersburg, only the General Capital Reserve is an actual Sinking Fund. The utility capital reserve accounts are actually subordinate to the Enterprise Funds and are not actually independent funds other than for planning purposes.

**Capital Improvements Plan** - A schedule of purchase or construction of items of high cost, such as fire apparatus, streets and buildings, with a useful life over five years, together with a plan for spending and receiving the money to pay for the items. Each year Town Council reviews such a plan.

**Certification** - A formal, written declaration by the authorized officer that certain facts are true or valid.

**Comprehensive Plan** - Our comprehensive development plan consists of maps, charts and textual matter, and indicates the recommendations of the planning commission for the continuing development of the municipality. The comprehensive plan includes, but is not limited to, the following related basic elements: a statement of objectives, a plan for land use, a map or statement indicating the relationship of the municipality and its proposed development to the adjacent municipalities and areas. The Chambersburg Comprehensive Plan was adopted: November 17, 2008.

**Conditional Use Permit** - A use which is not appropriate to a particular zone district as a whole, but may be suitable in certain localities within the district only when specific conditions and factors prescribed for such cases within the zoning ordinance are present. Conditional uses are allowed or denied by the Borough.

**Constituent** - A person served by an elected official, normally a resident or voter. Residents and businesses of the surrounding townships of Hamilton, Greene, and Guilford are *not* constituents.

**Council (Either Town or Borough)** - The governing body of our municipality. The legislative and policy board of the community. Ten members (five wards with two members per ward) elected for four-year terms in alternating two year periods. The Mayor is an ex officio non-voting member of Council.

**Debt Service** - Payments to creditors, primarily the holders of municipal bonds. Debt service includes principal, interest and minor incidentals such as paying agents' fees.

**Developer** - Any landowner, agent of such landowner or tenant with the permission of such landowner, who makes or causes to be made a subdivision of land or a land development.

**Easement** - A right-of-way for public or quasi-public use. Normally, they are used for public utilities, trails, utility lines, floodways, and other purposes. The fee title to land in the easement areas remains tied to the adjacent land and the easement rights are relinquished when the public or quasi-public use ceases.

**Eminent Domain** - The concept of the power of certain governmental entities to acquire, for public use, privately owned real estate by means of legal processes and adjudicated compensation to the private owner.

**Executive** - The power to carry out laws and functions, veto legislation, appoint officers and perform other duties as prescribed by law. In Chambersburg, the Borough Manager maintains the administrative portion of the executive function. The Borough Council President retains the balance of the authorities.

**Executive Session** - A meeting closed to the public. They can legally be held only for certain limited purposes.

**Feasibility Study** - A preliminary survey to determine the design, aesthetics, construction and economic aspects of a proposed project.

**Fire Code Inspections** – Any property owner or authorized agent who intends to conduct an operation or business, or install or modify systems and equipment which is regulated by the International Fire Code must first make application to the Chambersburg ES Department and obtain a business inspection permit per the International Fire Code Section 105.1.1 amended.

**Flood Plain** - The area along a natural watercourse subject to periodic overflow by water. The Borough and FEMA have disseminated flood plain maps for delineation of the flood plain.

**General Fund** - Used to account for all revenues and the activities financed by governmental activities, not accounted for in some special fund. The main purposes are for public safety, recreation, and general highway.

**General Obligation Debt** – Any loan or financial instrument giving borrowing power to a municipality, based upon pledging of the full faith and credit or taxing power of the municipality to retire debt and pay interest.

**General Obligation Debt Funds** - Established to account for the proceeds from bond sales and other revenues properly allocated to these funds and the costs of projects financed by them. Costs for public improvements are recovered from general revenues. In Chambersburg, all debt is GO debt but none of it is ever used for general government purposes; all debt is for utility purposes.

**Governing Body** - The Town Council.

**Grants** - The Borough anticipates receiving monies from the Department of Environmental Protection for recycling, the Department of Community and Economic Development for housing rehab, CDBG, and other development grants, and additional monies from the Department of Conservation and Natural Resources for development of our parks. The Borough regularly applies to a variety of state and federal agencies for grants.

**Highway Aid** – Also known as Liquid Fuels, as provided by law, the local share of the State Liquid Fuels Tax and its use for expenditures is subject to the regulations of the Department of Transportation.

**Improvements** - Those physical changes to the land necessary to produce usable and desirable lots from raw acreage including, but not limited to, grading, paving, curbs, gutters, storm sewers and drains,

improvements to existing watercourses, sidewalks, crosswalks, street signs, monuments, water supply facilities and sewage disposal facilities.

**Job Description** - An outline of the duties assigned a class of personnel positions together with the training and experience normally required to qualify for the class.

**Land Development** - The improvement of one lot or two or more contiguous lots, tracts or parcels of land for any purpose involving a group of two or more buildings or the division or allocation of land or space between or among two or more existing or prospective occupants to include streets, common areas, leaseholds, condominiums, building groups or other features; a subdivision of land.

**Land Use Plan** - The provisions for the development of a tract of land, including a subdivision plat, all covenants relating to use, location and bulk of buildings and other structures, intensity of use or density of development, streets, ways and parking facilities, common open space and public facilities.

**Legislative** - Pertaining to the power to make laws as opposed to administrative, executive and judicial.

**Manager** - The chief administrator of a municipality appointed by the Town Council to run its operations, to make suggestions of policy or process, and to carry out laws and directions.

**Mayor** - In Chambersburg, an elected official of borough government who represents the borough at certain official and ceremonial functions, and who supervises the police department under the Borough Code; and who sits with Town Council, executes legislation, and breaks tie votes.

**Meeting** - A gathering of elected officials set or called in accordance with prescribed laws and where business may be transacted.

**Mil** – Often misspelled as MILL, a property tax unit, equal to one dollar of tax per one thousand dollars of assessment. Literally, a mil is a measure of money less than cents. When one purchases gasoline one might pay \$3.999, which equals three dollars, ninety-nine cents and nine mil per gallon.

**Minimum Municipal Obligations (MMO)** - In the United States, the state mandated smallest amount a municipality must contribute to any pension plan established for its employees. The amount is calculated using actuarial science to ensure that municipal pension plans are sufficiently funded. The Borough, regardless of the amount contributed by it, is also required to keep the pension plan solvent. If the pension funds become insufficient to meet obligations then the Borough must augment the pension funds using money from other sources. The general funds of the Borough are thus in effect guarantor and insurance policy against under-contributions by employees or poor performance of pension fund investments. However, the Borough is responsible for making up any shortfall between the MMO and the sum of contributions the Borough makes for each employee as a percentage of that employee's wages, plus realized earnings on the pension fund investments.

**Modified Accrual Basis** -The basis of accounting under which expenditures other than accrued interest on general long-term debt are recorded at the time liabilities are incurred and revenues are recorded when received in cash except for material and/or available revenues, which should be accrued to reflect properly the taxes levied and revenues earned.



**Nonconforming Use** - A use, whether of land or of structure, not complying with the applicable use provisions in a zoning ordinance or amendment as enacted, where such use was lawfully in existence prior to the enactment of the ordinance or amendment or prior to its application to the location.

**Nonconforming Structure** - A structure or part of a structure manifestly not designed to comply with the applicable use provisions in a zoning ordinance or amendment as enacted, where the structure lawfully existed prior to the enactment of the ordinance or amendment. Such nonconforming structures include, but are not limited to nonconforming signs.

**Official** - A person who occupies a municipal legislative, quasi-judicial, administrative, executive or enforcement position.

**Ordinance** - A law or statute enacted by the Borough. See resolution.

**Personnel** - A method of recruiting, selecting and promoting people to perform the work of the Borough organization and the method of classifying and assigning a pay scale to their jobs together with related personnel activities and regulations concerning hours of work, training, grievance procedures and labor relations.

**Planning** - A process of deciding what is to be done and how it is to be accomplished; the process of deciding how land should be used and where public facilities should be located.

**Planning and Zoning Commission** - A planning agency, authorized by law to prepare and recommend plans for the development of physical, social, economic and cultural resources and facilities within a political subdivision.

**Plat** - The official map of a subdivision of land.

**Public Hearing** - A meeting or portion of a meeting set up to give members of the public a chance to speak on a particular subject such as the provisions of a proposed ordinance.

**Referendum** - A vote by the people of our municipality or an area on an issue. A referendum may be started by a governing body or initiated by petition. In Pennsylvania, most referenda are non-binding statements of policy.

**Regulation** - A rule, procedure or other formal requirement passed to carry out the purpose of a law. It carries the same legal power as the law. However, the rule or formal requirement may only be used to carry out the purpose of the law under which it is passed.

**Revenue Bonds** – Also called Self Liquidating Debt, a borrowing tool with higher interest rates than general obligation debt that does not need voter or state approval. Repayment of these bonds is guaranteed by revenues generated by the project and not municipal taxing power. Chambersburg has no revenue bonds.

**Resolution** - A decision, opinion or directive of the Town Council expressed in a formally drafted document but not having the force or effect of law.

**Revisions** - Written or added changes, corrections or improvements to a plan, specification or drawing.



**Revolving Loans** – Similar to a credit card or line of credit, this is a type of debt for special purposes providing a constant source of funds for assessable public improvements. Often involves grants. Chambersburg provides such loans for economic development and property improvement, with established guidelines.

**Right-of-Way** - Any area reserved by law or by common consent to a public or municipal use. Streets and easements are typical examples.

**Specifications** - The written instructions which accompany and supplement the drawings in a contract.

**Subdivision** - The division of a single tract or other parcel of land into two or more lots. (Specific definitions will vary in specific ordinances or regulations).

**Subdivision and Land Development Ordinance (SALDO)** - The provisions for the subdivision of a lot(s) or development of a tract of land, as adopted in 1979 and amended, including all covenants relating to use, location and bulk of buildings and other structures, intensity of use or density of development, streets, ways and parking facilities, common open space and public facilities.

**Uniform Construction Code** - The Uniform Construction Code, contained in 34 Pa. Code, Chapters 401 through 405, as well as those ancillary codes referenced in Department of Labor and Industry regulations Section 403.21, as amended from time to time, as adopted and incorporated by reference as the Municipal Building Code of the Borough of Chambersburg. When any building or construction activity is contemplated within the Borough, application must be made to the Borough on a form to be provided by the Borough for the issuance of a land use permit.

**Utilities** - These funds account for the financial transactions of utility services rendered to the general public financed by specific user charges (electric fund, water fund, sanitation fund, sewer fund). The utility operations are maintained separate from general government operations such as Police or Emergency Services.

**Special Exception Use** - A use that is permitted in a particular zoning district only when specific criteria prescribed for such cases within the zoning ordinance are present. Special exception uses are allowed or denied by the Zoning Hearing Board following a public hearing.

**Special Revenue Funds** - These funds are established to account for revenues specifically raised for a particular purpose. A special fund is usually created for each purpose (i.e. fire taxes account if there was a fire tax or grant funds).

**Variance** - The permission granted by the Zoning Hearing Board, following a public hearing, for an adjustment to some Zoning Ordinance regulation to alleviate an unnecessary hardship. The permission granted must not be contrary to the public interest and must maintain the spirit and original intent of the Ordinance.

**Zoning Ordinance** - The provisions for land uses and associated lot regulations, as adopted in 1956 and amended, into various districts as well as other requirements related to the character of each district and its peculiar suitability for particular uses and with a view to conserving the value of buildings and encouraging the most appropriate use of land throughout the Borough.

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*2014 Functions and Departments (Sorted by Department)*

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Clerical Pool	Admin. Services Dept.	Admin. Services Fund
Cust. Service & City Hall	Admin. Services Dept.	Admin. Services Fund
Finance & Account.	Admin. Services Dept.	Admin. Services Fund
General & Admin. - Admin Services	Admin. Services Dept.	Admin. Services Fund
Information Technology	Admin. Services Dept.	Admin. Services Fund
Meter Reading & Parking Enforcement	Admin. Services Dept.	Admin. Services Fund
Personnel & Payroll	Admin. Services Dept.	Admin. Services Fund
Cust. Account. & Collecting - Electric	Electric Dept.	Electric Operating Fund
Diesel Production Maint.	Electric Dept.	Electric Operating Fund
Diesel Production Operation	Electric Dept.	Electric Operating Fund
Distribution System Maint.	Electric Dept.	Electric Operating Fund
Distribution System Operation	Electric Dept.	Electric Operating Fund
General & Admin. - Electric	Electric Dept.	Electric Operating Fund
Purchase Power Operation & Maint.	Electric Dept.	Electric Operating Fund
Transmission System Operation & Maint.	Electric Dept.	Electric Operating Fund
Engineering Field Expenses	Engineering Dept.	Engineering Fund
General & Admin. - Engineering	Engineering Dept.	Engineering Fund
Stormwater Engineering	Engineering Dept.	Engineering Fund
Street Sidewalk Engineering	Engineering Dept.	Engineering Fund
Ambulance	Emergency Services Dept.	General Fund
Ambulance Committee	Emergency Services Dept.	General Fund
Emergency Management Coordinator	Emergency Services Dept.	General Fund
Fire Code Enforcement	Emergency Services Dept.	General Fund
Fire Fighting & Prevention	Emergency Services Dept.	General Fund
Compressed Natural Gas Filling Sta.	Gas Dept.	Gas Operating Fund
Cust. Account. & Collecting - Gas	Gas Dept.	Gas Operating Fund
Gas Distribution Maint.	Gas Dept.	Gas Operating Fund
Gas Distribution Operation	Gas Dept.	Gas Operating Fund
Gas Transmission Maint.	Gas Dept.	Gas Operating Fund
Gas Transmission Operation	Gas Dept.	Gas Operating Fund
General & Admin. - Gas	Gas Dept.	Gas Operating Fund
Purchase Gas Operation & Maint.	Gas Dept.	Gas Operating Fund

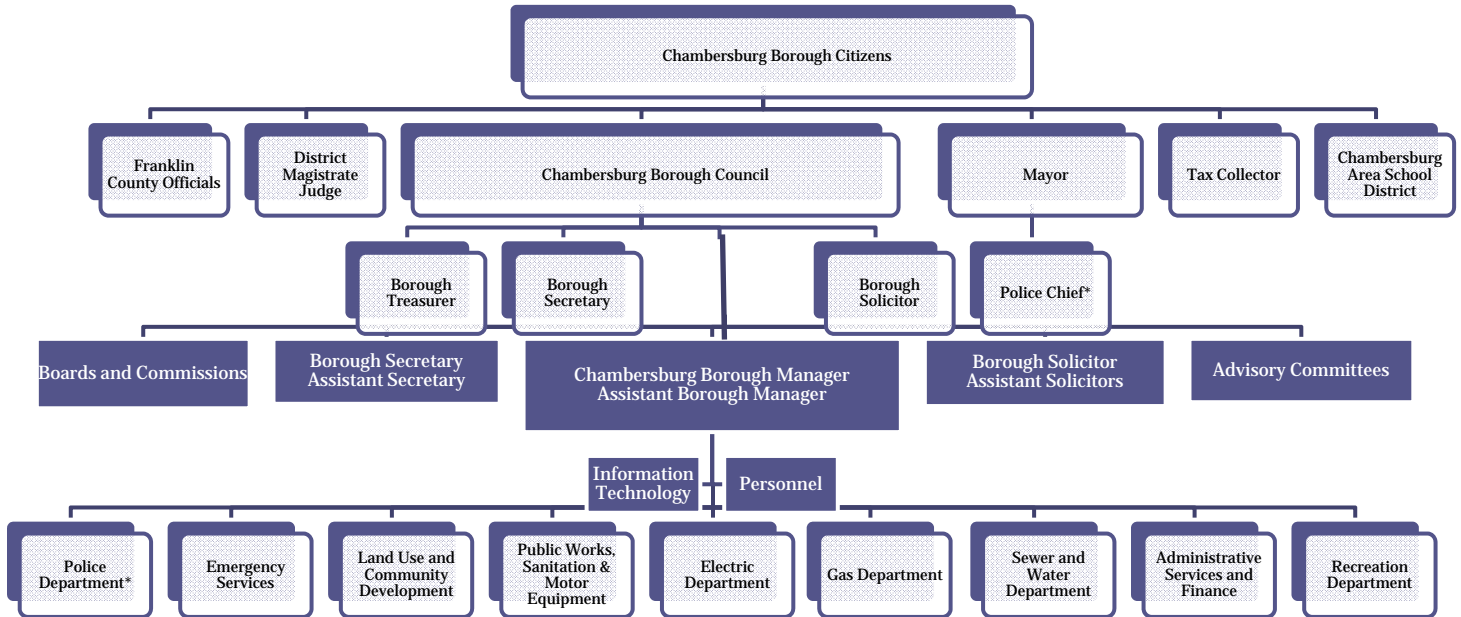
21st Century Partnership	General Borough	General Fund
Administration - Council & Manager	General Borough	General Fund
Civic Services	General Borough	General Fund
Civil Service Commission	General Borough	General Fund
Council of Governments	General Borough	General Fund
Highway Maint.	Highway Dept.	General Fund
Snow Removal	Highway Dept.	General Fund
Stormwater Maint.	Highway Dept.	General Fund
Board of Health	Land Use & Community Dev	General Fund
Building Code Hearing Board	Land Use & Community Dev	General Fund
Curb & Sidewalk Compliance Committee	Land Use & Community Dev	General Fund
Downtown Chambersburg, Inc.	Land Use & Community Dev	General Fund
Economic Dev.	Land Use & Community Dev	General Fund
Fire Code Board of Appeal	Land Use & Community Dev	General Fund
Housing Commission	Land Use & Community Dev	General Fund
Planning & Dev.	Land Use & Community Dev	General Fund
Planning & Zoning Commission	Land Use & Community Dev	General Fund
Property Maint.	Land Use & Community Dev	General Fund
Zoning Enforcement	Land Use & Community Dev	General Fund
Zoning Hearing Board	Land Use & Community Dev	General Fund
Garage Operation	Motor Equipment	Motor Equipment Fund
General & Admin. - Motor Equipment	Motor Equipment	Motor Equipment Fund
Motor Vehicle Upkeep	Motor Equipment	Motor Equipment Fund
Downtown Parking	Parking Traffic & Street Lights	Park Traffic & Street Lights Fund
Downtown Parking Committee	Parking Traffic & Street Lights	Park Traffic & Street Lights Fund
General & Admin. - Parking & Traffic	Parking Traffic & Street Lights	Park Traffic & Street Lights Fund
Parking Traffic & Street Light Committee	Parking Traffic & Street Lights	Park Traffic & Street Lights Fund
Traffic & Street Lights	Parking Traffic & Street Lights	Park Traffic & Street Lights Fund
Police	Police Dept.	General Fund
Parks & Recreation	Recreation Dept.	General Fund
Recreation Advisory Board	Recreation Dept.	General Fund

Cust. Account. & Collecting - Trash	Sanitation Dept.	Sanitation Fund
Fall Leaf Collection	Sanitation Dept.	Sanitation Fund
General & Admin. - Sanitation	Sanitation Dept.	Sanitation Fund
Green Yard Waste Recycling Program	Sanitation Dept.	Sanitation Fund
Mowing, Weed Control & Vector Control	Sanitation Dept.	Sanitation Fund
Recycling Program	Sanitation Dept.	Sanitation Fund
Street Sweeping	Sanitation Dept.	Sanitation Fund
Trash Collection System	Sanitation Dept.	Sanitation Fund
Trash Disposal System	Sanitation Dept.	Sanitation Fund
Cust. Account. & Collecting - Sewer	Sewer Dept.	Sewer Operating Fund
General & Admin. - Sewer	Sewer Dept.	Sewer Operating Fund
Sewer Collection System	Sewer Dept.	Sewer Operating Fund
Sewer Treatment Plant	Sewer Dept.	Sewer Operating Fund
General & Admin. - Stores	Stores Dept.	Stores Fund
Warehouse	Stores Dept.	Stores Fund
Cust. Account. & Collecting - Water	Water Dept.	Water Operating Fund
General & Admin. - Water	Water Dept.	Water Operating Fund
Water Distribution System	Water Dept.	Water Operating Fund
Water Supply System	Water Dept.	Water Operating Fund
Water Transmission System	Water Dept.	Water Operating Fund
Water Treatment System	Water Dept.	Water Operating Fund

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## Organizational Chart

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\* Per the Borough Code, the Chambersburg Police Department is supervised by the Mayor for day-to-day operation and the Borough Manager for administrative and financial management

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### *Revised Borough Code*

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The Borough Code, the state enabling law for our municipality, had been unchanged from 1966 to 2012; and contained many provisions that were archaic or in conflict with other statutes. Thus, the Pennsylvania State Association of Boroughs (PSAB) established a Borough Code Revision Committee as an ad hoc committee in 2003. The committee formally requested the ongoing participation, technical advice, and expertise of State Local Government Commission staff in this comprehensive Code revision, based on the Commission's experience with the Second Class Township Code Recodification in 1995 and efforts on the Third Class City Code Recodification (introduced as Senate Bill 874 in the 2011-2012 Legislative Session).

The Commission staff worked on a section-by-section review and modernization of the Borough Code along with PSAB staff members and several borough officials. The Commission regularly attended work sessions, drafted suggested revised language, and provided other assistance to the committee in this complicated effort. At work sessions, the committee carried out a sequential review of each article of the Borough Code by surveying PSAB members to identify possible amendments and asking Commission staff to comment on any potential changes.

With the committee completing its review of all the articles, Commission staff produced an executive summary explaining the highlights of the proposed changes article-by-article, a commentary explaining the highlights section-by-section, and disposition and derivation tables to show where existing sections may have been relocated and from where new sections have originated. The Local Government Commission introduced the proposed recodification as House Bill 1702 during the 2011-2012 Legislative Session. On December 19, 2011, the House of Representatives voted on and passed House Bill 1702. Subsequently, the Senate Local Government Committee amended the bill and reported it out on January 18, 2012, as Printer's Number 2962. The bill was reported as amended from the Senate Appropriations Committee as Printer's Number 3331 on April 2, 2012. House Bill 1702 passed the Senate on May 1, 2012, and has subsequently been returned to the House of Representatives for concurrence on Senate amendments. The House of Representatives concurred in Senate amendments on May 7, 2012, and Governor Corbett signed House Bill 1702 into law as Act 43 of 2012. The Act became effective July 16, 2012.

**Effective with the adoption of the 2013 budget, Town Council acknowledged and accepted Act 43 of 2012, as the enabling legislation of our municipal corporation.** No additional action is required with this budget.

11/4/2013

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# General Fund Budget

*As Proposed for 2014 by Jeffrey Stonehill, Borough Manager*

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The Borough of Chambersburg

# General Fund Budget

*As Proposed for 2014*

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The General Fund is not the largest account of the Borough, it does not employ the most employees, it does not handle the largest amount of revenue, nor is it as complex to manage as the other funds of the Borough. However, the General Fund is the main “GOVERNMENTAL” fund and the home of the most basic municipal operations of the Borough. It therefore gets the most scrutiny.

In many towns, the General Fund is the only fund. In most boroughs in Pennsylvania, the General Fund would house almost all municipal employees and operations. That is not true in Chambersburg. However, the General Fund does house our most basic municipal operations.

The General Fund is comprised of six (6) departments:

**General Government** – The General Government Department is the civil and administrative activities of the Town Council, the Borough Manager, and the Boards, Commissions and Committees; but, not those activities or expenses attributed to the utilities or the internal services of the Borough.

**Police Department** – The law enforcement division of the Borough, under the Supervision of the Police Chief, and the Administration of the Mayor.

**Emergency Services** – The Emergency Services Department combines the Fire Department, the Fire Code Department and the Ambulance Department. It is under the Supervision of the Emergency Services Chief, and the Administration of the Borough Manager.

**Recreation Department** – Management and supervision of community resources such as the parks, playgrounds, Cumberland Valley Rail Trail, the Eugene C. Clarke Jr. Community Center, and the Municipal Pool at Memorial Park; under the Supervision of the Recreation Superintendent, and the Administration of the Borough Manager.

**Land Use & Community Development** – The Land Use & Community Development Department combines Planning, Zoning, Property Maintenance and Code Enforcement. It is under the Supervision of the Land Use & Community Development Director, and the Administration of the Borough Manager.

**Highway Department** – The maintenance and street crew, which handle street maintenance, storm response, storm water maintenance, and other street related functions. It is under the Supervision of the Assistant Borough Manager/Public Works Director, and the Administration of the Borough Manager.

Unlike the utilities or the internal service funds, the General Fund receives all of its revenue from either taxes, as established by State law, or transfers from other funds.

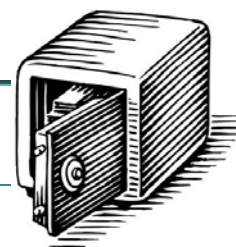
The General Fund must be balanced, cannot run a deficit, and the Borough will not use debt to balance its budget per adopted financial policies.



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## Revenues

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**Some General Fund Revenue is “earmarked” for specific General Fund departments;** other revenue is just thrown into the safe for all General Fund departments.

**No taxes are used to supplement utility operations.** In fact, just the opposite, our Electric and Gas utilities pay taxes (similar to private companies) to the General Fund. The Water Department paid through 2013 but a change in State law prohibits water utilities from making payments for general government operations. These payments are called Payments in Lieu of Gross Receipts Taxes or PILOTS.

**The Borough is very careful to keep our utilities and our General Fund separate.** Those functions that are multi-department functions (such as the Finance Department or the Motor Equipment Department) are also kept out of the General Fund because they are shared departments; known as internal services. Therefore, the only functions that remain in the General Fund are the functions that are required to be there by rule.

There are a number of different types of taxes collected by the Borough for use in the General Fund. However, most of these taxes are set by State law, cannot be adjusted year-to-year, and therefore not subject to any annual review. State law only allows the Borough one tax that it can adjust year-to-year: the real estate tax.

Real estate or property taxes are regressive, non-elastic, and are generally an unfair way to raise revenue as they are based on a property's inherent value rather than the resources of the property owner. In Chambersburg we have historically used property taxes for one purpose only: to fund the Chambersburg Police Department.

In 2013, Town Council has already decided to **begin the levy of a separate fire tax** to support fire department operations beginning in 2014. This decision was unavoidable given the Town Council's failure to convince an arbitration panel to reduce benefits, allow layoffs, increase employee contributions to benefits, or prevent a 13% wage increase awarded these employees. Regardless, this budget, as is required, must be balanced, and must fund wages and benefits in accord with labor agreements; those agreed to by Town Council, or those imposed upon the Borough through arbitration.

To be clear, the real estate tax will therefore be split beginning in 2014 into two parts: first, a general levy, which is used exclusively for the Police Department; and second, a fire levy, which will be used exclusively to provide fire and EMS equipment and vehicles for the Emergency Services Department. These will be the only uses of real estate taxes in the Borough budget.

As the new fire tax is used only for equipment and vehicles, it has no direct impact on the General Fund. Proceeds from the fire tax will be given directly to the Motor Equipment Fund; the motor pool of the Borough, which is a separate fund from the General Fund. However, in the Motor Equipment Fund, all those proceeds will be used only for the Emergency Services Department motorized equipment fleet; fire apparatus and ambulances. This will, in turn help the General Fund, by allowing a rebate on its annual contribution to support fire apparatus and ambulances; so, an indirect benefit for the General Fund.

Please find enclosed some **frequently asked questions** about taxes:

1. Why does the Borough of Chambersburg keep raising taxes?  
The Borough of Chambersburg does not keep raising taxes. Perhaps you are having your taxes raised by others such as Franklin County or the Chambersburg Area School District. Prior to 2014, the Borough did not raise taxes for seven consecutive years.
2. Why do I pay so much in taxes?  
In 2014, the Borough will only collect a small portion of the taxes you pay. Most of your taxes do not go to the Borough. In fact, most of your taxes go to support other government agencies despite the fact that most of your services are supplied by the Borough.
3. The Borough has so many employees, so many trucks, is that where my tax money goes?  
Almost all the employees of the Borough and most of the equipment of the Borough is owned and operated by our utility departments (Electric, Gas, Water, Sewer and Sanitation Departments) and our utility support departments (engineering, motor equipment, and administrative services). Your taxes do not support any utility operations, personnel or equipment. Further, as this document reveals, the Borough's utility rates are very reasonable.
4. Why if I live in the township, do I pay taxes to the Borough?  
Unless you own property inside the Borough, or have a job inside the Borough, you pay the Borough no taxes. Further, if you just have a job in the Borough you pay only \$1 per week to the Borough and nothing else. In fact, almost no township residents contribute any tax money to the Borough. For example, the Sales Tax collected at stores inside the Borough all goes to support others, not the Borough. Finally, the Borough has no relationship with Chambersburg Area School District taxes or Franklin County taxes.
5. Why does the Chambersburg Area School District have such high taxes?  
The budget and tax rates for the Chambersburg Area School District are set by the independently elected School Board and not the Borough. The Borough has no say in these issues.
6. Why does Franklin County have such high taxes?  
The budget and tax rates for Franklin County are set by the independently elected County Commissioners and not the Borough. The Borough has no say in these issues.
7. Where do my taxes go?  
**All real estate taxes prior to 2014 were used exclusively to support the Police Department.** No real estate taxes were used for any other purpose. Beginning in 2014, a portion of real estate taxes will also be used to support equipment and vehicles for the Emergency Services Department. No portion of real estate taxes will be used for any other purpose other than the Police Department or to support equipment and vehicles for the Emergency Services Department. Not to pay for streets, or parks, or utilities, or any other employees of the Borough; such as the Borough Manager or anything else.

The other state mandated taxes are set by law and are not changed year-to-year. They include the Local Services Tax, which is a \$1 per week tax on workers inside the Borough; the Earned Income and Wage Tax, which is a set tax on wages earned by those who live inside the Borough; and the Deed Transfer Tax, which is a set tax when property inside the Borough is sold or transferred. Together, along with fees and fines, these categories make up the only revenues of the Borough.

Also, the Electric Department and the Gas Department make a Payment in Lieu of Gross Receipts Taxes (PILOTS) to the General Fund. If these two departments were private corporations, they would pay taxes to the Commonwealth. As such, they are tax exempt. So, instead, they pay their taxes to support your General Fund (police, fire, ambulance, highway, and recreation) activities.

Finally, the other revenue received by the General Fund is grants. In most years, the Borough receives very little grant money. However, in 2012-2014, the Borough was lucky to be awarded a one-time U.S. Department of Homeland Security Staffing for Adequate Fire and Emergency Response (SAFER) Grant. These proceeds have really helped control costs in the General Fund.

8. Does not the Borough get a lot of money for all the new businesses near Norland Avenue?  
The Borough utilities sell a considerable amount of utility services in this new neighborhood increasing the size of the Borough's independent utility accounts. However, these developments generate very little additional taxes to support the Borough. Most of the revenue they create is in the form of Sales Tax and in Pennsylvania, local municipalities receive no Sales Tax share. Further the sale of alcohol generally provides almost zero income to the host municipality. These developments have been very good for our community but they do not generate income proportional to the responsibilities they create for police, fire and traffic.
9. Doesn't every property owner contribute real estate taxes for police and fire?  
No, many types of properties are exempt under State law from paying real estate taxes. Those exempted properties include schools, colleges, churches, charities, and other government agencies. So, these property owners add to the economic vitality of our community but do not necessarily contribute any money to support police or fire services. However, some of these agencies (Chambersburg Hospital is a good example) make a voluntary contribution in support of the Borough's public safety services regardless of their tax exempt status. We encourage all tax exempt property owners to donate to the police and fire services every year.
10. Why can't you bill people directly for police and fire instead of using real estate taxes?  
State law prohibits the levy of taxes as a fee on persons (called per capita taxes). Instead, the law allows us only to use property as the sole means to determine how much tax to collect. So, if you rent your property, your landlord will pay the real estate tax and it will be reflected in the rent you pay. There is no other system allowed. The ambulance club is not a tax or fee; rather, it is more like a service. You provide us a gift and in exchange, we accept assignment from your health insurance company if you need to use the Borough ambulance service.
11. If the police and fire are paid for by Borough non-exempt real estate owners, why do they respond to police and fire calls in the townships?  
State law requires that emergency services respond to all dispatches for health and safety. The Borough's emergency services will always support our township neighbors regardless of money issues. We also enjoy the support of the various volunteer fire companies from the townships and the Pennsylvania State Police. Mutual aid is a very important principle in public safety.
12. How can the Borough afford police officers and fire fighters when the money to pay for them can only come from such a small group of tax payers?  
We agree that the system is broken. If not but for the painful tax increases in this budget and the 2012-2014 SAFER Grant, there would be no way the Borough could afford our police and fire services. Something must change in the next few years.
13. Why don't the townships have local real estate taxes?  
The local townships do not have police departments. They rely on the Pennsylvania State Police. They do not have township employee fire departments. They rely on the generosity of volunteer firefighters. All of the Borough's local real estate taxes go for these functions.

14. Can the Borough get rid of our Police Department or our fire department?

No, it is not practical or legal at this point. Also, an arbitrator ruled against firefighter layoffs until at least 2016. Further, we are skeptical that the Pennsylvania State Police and the dwindling number of committed volunteer firefighters will be sufficient to protect the townships or the Borough in decades to come. The best new system would be a united system of Borough paid fire fighters, Borough police officers, and regional volunteers all working in one organization; a regional effort. We support the growth of regional police and fire solutions based on an expansion of *our* services *into* the townships; one Chambersburg “area” force.

To that end, in the proposed 2014 budget, I have requested that the townships take the first step and consider allowing the Chambersburg Emergency Service Department to do **fire safety code inspections at commercial businesses in the townships**. I hope this new service will be a precursor of our future cooperation. I hope the public supports this first important step.

15. What is the Franklin Fire Company? Are they a township fire company?

No, the Franklin Fire Company is Station 4 of the Borough of Chambersburg. It is our best staffed and best equipped volunteer fire company. By agreement, we have encouraged the Franklin Fire Company to provide fire services both inside the Borough and in the townships. All the Borough contributes to their operation is some fuel and lots of good will.

16. If the Borough has a police tax and a fire tax, what pays for streets?

We use the other taxes of the Borough (such as Earned Income Tax and Deed Transfer Tax) to pay for the Highway Department and the Recreation Department. The Sanitation Department is a separate utility (not unlike the Electric, Gas, Water, or Sewer Departments) and they keep the streets clean, free of leaves, and well swept. Highway construction projects are done with Highway Aid (a grant from the State created by the sale of liquid fuels). Our grant only pays for street construction made to Borough owned streets. Keeping up with all highway maintenance and storm water drainage on Borough streets without a dedicated funding source is very challenging. Much of the Recreation Department is self-supporting with user fees; such as the Memorial Park Pool. Finally, the Land Use and Community Development programs are generally supported with fees.

17. Why are Borough streets in such bad shape?

First, it is important to recognize that the Borough does not own or maintain many of the streets inside the Borough. The Pennsylvania Department of Transportation maintains most of the major streets such as Main Street, Memorial Square, Lincoln Highway, Second Street, Loudon Street, Wayne Avenue, Scotland Avenue, and many others. The Borough owns most of the side streets and many of the alleys. The Borough utilities start fixing pipes in all streets about two years before a street is paved. With so many old streets, there are a lot of pipes being fixed at any one time. The Borough only has the State Aid account to fix our streets and repaving costs a lot of money when government bid rules are followed. Of course, the Borough does not pay to fix State owned streets, County owned bridges, private streets, or township roads. Finally, the Borough has let some streets degrade as we have neither the resources to pave them nor do those streets have the traffic flow to justify the expense. We do use grants whenever possible. It is a never ending battle to keep up with street maintenance with no dedicated funding source.

18. Why won't you pave my street?

Most of the streets that are being paved in the Borough are either State owned streets or paid for by grants or developers as they build adjacent projects. The Borough has no dedicated funding source beyond the Highway Aid (a grant from the State created by the sale of liquid fuels) to pave your Borough owned street. One suggestion is that the Borough invoice adjacent property owners to pay for their share of street paving. That is already done for curbs and sidewalks. The biggest complaint against that idea is that most folks feel their taxes should pay for street paving. However, as this budget details, taxes paid now do not cover any of the cost of paving streets.

19. Why does it take so many employees to work on street projects?

For many reasons, including safety and the handling of large construction equipment, the Borough utility and highway workers are usually seen in large numbers. However, the Borough highway department only has four (4) full time employees so you are probably seeing contractors who won competitive low bids for projects rather than employees.

20. Why do township residents pay more for using the Memorial Park Pool or other Recreation Department programs?

Up until 2009, the Chambersburg Area School District contributed to the cost of operating the Borough Recreation Department. Their tax money comes from both Borough and township residents. In 2009, an agreement was reached where the district stopped supporting the program in exchange for a grant, which ends in 2014. Therefore, township residents, who are residents of the Chambersburg Area School District, are no longer contributing to support the Borough Recreation Department operation. As such and only being fair, township residents are asked to pay a little more than Borough residents. We are prohibited from denying anyone access to our recreation programs. However, there is no prohibition on having a two-tier fee system. If the townships' boards wanted to contribute directly, their residents could enjoy the lower tier rates.

21. Why do pool fees go up every year?

Just about everything it costs to run the pool goes up in cost every year. However, all fees are adopted by Town Council in a public meeting.

22. Why do Borough employees get such good wages and benefits; can't they be cut?

No, most Borough employees are represented by collective bargaining units and those units have negotiated labor agreements with Borough Council or (in the case of the uniform employees of the police and fire service) had those labor agreements imposed on the Borough. The Town Council cannot unilaterally change the terms and conditions of employment. Nor can Town Council necessarily layoff employees. Certainly, we think we have great employees and in most cases, they are compensated in proportion to what municipal workers across the Commonwealth are paid. Regardless, there is no reason to blame the employees themselves, who are generally good workers and our friends and neighbors.

23. If you need to raise the Police Tax and start a Fire Tax, how can you afford projects like new windows in City Hall?

These taxes do not pay for things like the upkeep of property. These taxes go only to support the Police Department and to provide fire and EMS equipment and vehicles for the Emergency Services Department. Projects like restoration of our century old historic wooden windows are paid almost exclusively by the utility funds in proportion to their importance in our budget. No real estate taxes were used for this or any other similar purpose. Almost all the projects of the Borough and most of the buildings are owned and operated by our utility departments (Electric, Gas, Water, Sewer and Sanitation Departments) and our utility support departments (engineering, motor equipment, and administrative services). The exceptions to that rule are the parks and recreation areas, the firehouses, and the Police Department Annex on S. Second Street.

24. Why can you not just take utility money and pay for police officers and firefighters?

The Borough cannot wholesale move funds from utilities, which are kept in separate accounts, to the General Fund to pay for fire, police or parks. Nor would this be fair to utility customers. Also, the Electric Department and the Gas Department already make a Payment in Lieu of Gross Receipts Taxes (PILOTS) to the General Fund. If these two departments were private corporations, they would pay taxes to the Commonwealth. As such, they are tax exempt. So, instead, they pay their taxes to support your General Fund (police, fire, ambulance, highway, and recreation) activities. State law does not allow the Water or Sewer Department from making similar payments.

25. Are their assets the Borough can sell, such as parks, to avoid tax increases?

No, in general most of our assets are prohibited from being sold. For example, our parkland is usually deed restricted to remain as public parks. Further, most of the assets are owned and operated by our utility departments (Electric, Gas, Water, Sewer and Sanitation Departments) and our utility support departments (engineering, motor equipment, and administrative services) so their sale would not help the General Fund.

**There are no gimmicks, easy answers, or tricks** to help the General Fund. To make matters worse, almost every single category of revenue in the General Fund is at a fixed rate, as set by State Law, and cannot be raised or adjusted by Town Council. The major revenues of the Borough's General Fund are:

- Real Estate Tax - adjustable by Town Council each December
- Local Services Tax - set at maximum under State Law
- Earned Income Tax - set at maximum under State Law
- Deed Transfer Tax - set at maximum under State Law
- State Pension Aide - selected by State
- Highway Aid (liquid fuels) - selected by State
- Police Fines
- Ambulance Fees
- Electric and Gas Payments in Lieu of Gross Receipts Taxes

**So what revenue changes can we anticipate in the proposed 2014 revenue** to help the General Fund?

This proposed budget not only includes a new fire tax (which as was mentioned only indirectly impacts the General Fund because the tax itself goes directly into the Motor Equipment Fund) but also includes a **proposed increase in the Police Tax from 20 mil** (which it has been since 2007) to **21 mil in 2014**. Otherwise, all other taxes are set by State law at maximum and cannot be adjusted.

#### *New Police Tax Rate*

**The Borough Manager and the new Finance Director have reviewed the budget and determined that, for the first time since December 2006, a Police Tax rate increase is unavoidable:**

Real Estate Tax Rate	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
mil	17	17	20	20	20	20	20	20	20	21

**This budget includes a Police Tax increase from 20 mil to 21 mil.** This increase is, at this point, not optional. In the intervening years since the December 2006 tax increase, the wages and benefits of the uniform employees of the Police Department have been raised seven times without an increase in revenue. Council did everything possible to delay this increase.

The average single family house inside the Borough pays \$336.20 in 2013. Their Police Tax will rise by \$16.81 per year to a total Police Tax of \$353.01 – This is in addition to the \$42 in new Fire Tax the average single family house inside the Borough will pay to support the Emergency Services Department motorized equipment fleet.

Average Single Family House Inside The Borough	2013	2014
Police Tax (to the General Fund)	\$336.20	\$353.01
Fire Tax (to the Motor Equipment Fund)	\$0	\$42.03
<i>Total (per year)</i>	\$336.20	\$395.04



*2014 General Fund Revenues – Proposed*

	2012 BUDGET	2012 ACTUAL	2013 BUDGET	2014 PROPOSED BUDGET
POLICE TAX (to rise to 21 mil in 2014)	\$3,710,000	\$3,765,299	\$3,720,000	\$3,979,000
LOCAL SERVICES TAX ON WORKERS	\$775,000	\$748,586	\$700,000	\$650,000
DEED TRANSFER TAX ON REAL ESTATE SALES	\$260,000	\$305,466	\$245,000	\$230,000
WAGE & EARNED INCOME TAX ON RESIDENTS	\$1,500,000	\$1,715,736	\$1,500,000	\$1,700,000
OTHERS PAYMENTS IN LIEU OF TAXES	\$13,000	\$14,803	\$14,000	\$62,000
STATE PENSION GRANT	\$681,400	\$761,446	\$761,200	\$781,800
OTHER INTER-GOVERNMENTAL GRANTS	\$145,000	\$140,800	\$145,000	\$140,750
INVOICED WORK	\$110,000	\$106,719	\$90,000	\$55,000
MISC STATE SALES TAX	\$2,500	\$2,539	\$2,500	\$1,900
TAXABLE RECREATION CHARGES				\$36,400
INTEREST INCOME	\$18,000	\$4,832	\$4,000	\$3,000
SNOW/ICE REMOVAL FINES	\$4,000	\$4,305	\$4,000	\$4,000
PAYMENTS IN LIEU GROSS RECEIPTS TAX - ELECTRIC	\$950,000	\$950,000	\$1,010,580	\$1,060,580
PAYMENTS IN LIEU GROSS RECEIPTS TAX - GAS	\$400,000	\$400,000	\$400,000	\$400,000
PAYMENTS IN LIEU GROSS RECEIPTS TAX -WATER	\$72,000	\$72,000	\$72,000	
POLICE FINES & FEES	\$120,000	\$131,465	\$130,000	\$140,000
FALSE POLICE & FIRE CALLS	\$10,000	\$9,238	\$5,000	\$9,000
OTHER POLICE DEPARTMENT FEES	\$4,000	\$4,773	\$8,000	\$2,700
PROPERTY MAINTENANCE CODE VIOLATION FINES	\$1,000	\$5,117	\$1,500	\$2,100
RECREATION DEPARTMENT RECEIPTS	\$350,000	\$379,045	\$375,000	\$360,000
RECREATION VENDING, CONCESSION & CONSIGNMENT	\$60,000	\$59,746	\$60,000	\$15,600
PROPERTY MAINTENANCE INSPECTION FEES	\$110,000	\$113,920	\$110,000	\$115,000
LAND USE AND DEVELOPMENT PERMIT FEES	\$3,000	\$806	\$2,000	\$2,000
FIRE CODE PERMITS & FEES	\$3,500	\$22,170	\$16,000	\$50,000
ZONING PERMITS & FEES	\$5,000	\$2,810	\$3,500	\$3,000
CONTRIBUTIONS FOR AMBULANCE SERVICE	\$46,000	\$45,550	\$35,000	\$42,000
AMBULANCE SERVICE CHARGES	\$800,000	\$838,535	\$900,000	\$1,035,000
AMBULANCE CLUB MEMBERSHIP FEES	\$118,000	\$127,600	\$100,000	\$125,000
SCHOOL CROSSING GUARD GRANT	\$30,000	\$45,469	\$48,000	\$50,000
COMCAST TELEVISION FRANCHISE FEE	\$325,000	\$313,555	\$315,000	\$310,000
REFUNDS PRIOR YEAR PAYMENTS	\$30,000	\$21,496	\$30,000	\$29,000
REAL ESTATE PROPERTY RENTALS	\$11,000	\$9,972	\$9,000	\$10,000
CONTRIBUTIONS FROM PRIVATE SOURCES	\$2,000	\$10,849	\$2,000	\$2,000
MISCELLANEOUS	\$10,000	\$9,633	\$10,000	\$10,000
TRANSFERS FROM OTHER FUNDS	\$25,000	\$42,286	\$25,000	\$4,140
TRANSFERS FROM HIGHWAY AIDE (LIQUID FUELS GRANT)	\$400,000		\$400,000	\$400,000
SAFER GRANT		\$130,012	\$766,165	\$605,000
MOTOR EQUIPMENT FUND REBATE (INCLUDING FIRE TAX AS OF 2014)	\$50,000	\$50,000	\$50,000	\$530,000
2014 TOTAL ESTIMATED GENERAL FUND REVENUE	\$11,154,400	\$11,366,578	\$12,069,445	\$12,955,970
Percent Change			6%	7%



Total revenue will be up 7% in 2014 but almost entirely because of the increase in the Police Tax rate, the rebate of the Fire Tax from the Motor Equipment Fund, and because of the additional ambulance receipts realized by running a second ambulance in the Borough.

However, in 2015, without the SAFER Grant, which will end in 2014, the General Fund will need additional tax revenue. There are no choices left for 2015 and 2016 but to continue to raise the Police Tax rate and hope for a more significant rebound in the local economy.

### *How much Police Tax will the average resident have to pay?*






One misconception that confuses the issue of the Police Tax is how to translate the rate (proposed to rise to 21 mil) into actual dollars. In Franklin County, the “assessed value” of one’s property may be radically different from the “fair market value” of one’s property. For example, within the Borough limits, the average single family house has an assessed value of \$16,810; obviously you cannot buy a house for that little. That is because our County has not re-assessed real estate since 1961. Regardless, the average single family house, inside the Borough, will pay a full value police tax bill of only \$353; based upon an assessed value of \$16,810 in 2014. This figure was determined by combing through the tax rolls and extracting each single family house (as opposed to commercial, industrial, or multi-family buildings). Your Borough Police Tax cost will vary.

At \$353 per year, the Borough Police Tax does not even cover the full cost of the Chambersburg Police Department including the elimination of certain programs such as the valuable SET Team, which Council eliminated in 2013.

### **Even with the tax increase the Police Department budget spends \$48,565 over budget.**

However, the Borough is doing its best to keep the tax rate as low as possible by adopting a Police Tax rate that is barely sufficient to cover the cost of your Police Department.

Government buildings, schools, charities and no township property owners pay any Police Tax on their property – commercial property owners may pay more. Also, for many folks, 100% of this cost is deductible on your Federal Income Taxes, returned to you in your tax refund every year.

				
<b><u>Single Family House</u></b> \$353 per year*	<b><u>Schools</u></b> No tax	<b><u>Non-profits</u></b> No tax	<b><u>Government</u></b> No tax	<b><u>Commercial/Industrial</u></b> More

*\*Based upon a median assessed value of single family residential property inside the Borough*

*Summary of Tax Revenue*

Local Services Tax:	This tax may be levied on any wage earned within the borough by both residents and non-residents. Persons earning less than \$12,000 annually may be exempted. The Statutory Rate Limit is \$52 per year.
Earned Income Tax:	This tax is a tax on wages and net profits and may be levied on both residents and non-residents if the non-resident's municipality does not levy the same. The taxpayer's residence takes precedence over his place of occupation if both have the tax. The tax shall be split with the school district in any portion that is agreed upon. In case no agreement is reached, each may collect one-half of 1%.
Deed Transfer Tax:	The tax shall be split with the school district in any portion that is agreed upon. In case no agreement is reached, the municipality shall collect 1%.
Police Tax:	A borough may levy a millage on the assessed value of real property up to 30 mil for general purposes.
Fire Tax:	A borough may levy a millage on the assessed value of real property up to 3 mil for the Purchase of fire equipment, fire apparatus, fire training, or fire training school. It may exceed 3 mil upon approval by voters in a referendum.

Per the Pennsylvania Association of Boroughs, "According to various court cases, fees cannot be used as a revenue raiser like taxes. In *Commonwealth v. McFadden* (14 Beaver 242, 44 Mun. 202, 1953) the court ruled "where a fee for a license is assessed, it must be such only as will legitimately assist in the regulation, or it will be struck down." Commonwealth Court also held "fees charged by municipality for services rendered are proper if they are reasonably proportional to cost of regulation or services performed," and "municipality may not use its power to collect fees for service as means of raising revenues for other purposes," (*National Properties, Inc. v. Borough of Macungie*, 595 A.2d 742, 1991).

*General Fund Revenue*

<u>Police Tax Revenue</u> (70002, 70003, 70008, 70011)	2014	\$	4,041,000.00	21 mil
	Budget Estimate 2013	\$	3,734,000.00	20 mil
	2012	\$	3,780,101.93	20 mil
	2011	\$	3,731,680.91	20 mil
	2010	\$	3,714,589.83	20 mil
	2009	\$	3,700,544.62	20 mil
	2008	\$	3,602,170.97	20 mil
<u>Deed Transfer Tax Revenue</u> (70009)	2014	\$	230,000.00	
	Budget Estimate 2013	\$	245,000.00	
	2012	\$	305,466.46	
	2011	\$	251,816.17	
	2010	\$	255,898.51	
	2009	\$	275,140.88	
	2008	\$	561,431.51	
<u>Earned Income Tax Revenue</u> (70010)	2014	\$	1,700,000.00	
	Budget Estimate 2013	\$	1,500,000.00	
	2012	\$	1,715,736.15	
	2011	\$	1,578,209.64	
	2010	\$	1,501,053.10	
	2009	\$	1,540,228.29	
	2008	\$	1,731,356.95	
<u>LST (or EMST) Tax Revenue</u> (70005)	2014	\$	650,000.00	
	Budget Estimate 2013	\$	700,000.00	
	2012	\$	748,585.79	
	2011	\$	691,808.66	
	2010	\$	727,886.67	
	2009	\$	804,923.21	
	2008	\$	770,772.96	
<u>Police Fines Revenue</u> (70031, 70034)	2014	\$	142,700.00	
	Budget Estimate 2013	\$	138,000.00	
	2012	\$	136,237.66	
	2011	\$	118,412.99	
	2010	\$	137,776.17	
	2009	\$	127,416.49	
	2008	\$	172,851.24	
<u>Ambulance Billing Revenue</u> (70046, 70047)	2014	\$	1,160,000.00	
	Budget Estimate 2013	\$	1,000,000.00	
	2012	\$	966,135.39	
	2011	\$	935,822.00	
	2010	\$	914,589.87	
	2009	\$	839,878.25	
	2008	\$	779,607.59	

*The Budget Estimate 2013 numbers are just estimates and one should use the 2012 Actual numbers for precision calculations*

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*Police Department*

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The Chambersburg Police Department will work hand in hand with members of the community in order to improve and enhance the richness of our quality of life consistent with the following principles: Respect for human rights, reduction of crime and disorder, employee, personal and professional well-being, community safety, high standards for excellence and continuous improvement.

Department Head: Chief David Arnold

	2012 Actual	2013 Budget	2014 Budget
<u>Police Operations</u>	\$4,038,025	\$4,124,112	\$4,241,265
<u>Earmarked Revenue</u>			
Police Tax	\$3,780,102	\$3,734,000	\$4,041,000
Police Fines & Other	\$ 145,476	\$ 143,000	\$ 151,700
<i>Subtotal</i>	<i>\$3,925,578</i>	<i>\$3,877,000</i>	<i>\$4,192,700</i>
Excess (Deficit)	(\$112,447) Deficit	(\$247,112) Deficit	(\$48,565) Deficit

**The one (1) mil increase in the Police Tax plus the elimination of other expenses lowers the long running structural deficit in the Chambersburg Police Department.**

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A number of functional changes were made to the department to close the historic budget deficit. Those changes were dramatic and included:

1. Police Department staff reduced by two (2) officers in 2011 through retirements
2. The vacancies were attributed to the Crime Impact Team (CIT) whose staff reduced from 5 to 3
3. Police Department staff reduced by one (1) clerical employee in 2011
4. Council eliminated the Special Equipment & Tactics Team (SET Team) in 2013
5. The Borough did not replace one of the three K-9 dogs when he retired in 2012
6. The Police Department is already counting on two (2) retirements in 2014

The Police Chief has done a okay job of keeping operating expenses of the Police Department mostly flat while wages and benefits continue to rise in cost as a percentage of all costs:

	2012 Actual	2013 Budget	2014 Budget
<u>Police Operations</u>			
<u>Non Personnel Costs</u>	\$598,728	\$553,187	\$686,605
<u>Personnel Costs</u>	\$3,439,297	\$3,570,925	\$3,554,660

At this point, there is nothing further I can cut other than additional personnel to bring down the budget.

	2005	2006	2007	2008	2009	2010	2011	2012	2013 Budget	2013 Actual	2014 Budget
Chief	1	1	1	1	1	1	1	1	1	1	1
Clerical	3	3	3	3	3	3	3	2	2	2	2
Officers	30	30	33	33	33	33	33	31	31	33*	31

\* - The Chambersburg Police Department is currently carrying two (2) extra uniform police officers who are attending the Police Academy. Town Council has stated their intention to not replace the next two (2) police officers who retire; thereby bringing the complement of police officers back to thirty-one (31).

Council however, has the option of keeping the staffing at 33 police officers for a Police Tax alternate rate of an additional \$8.40 per average single family household per year.

#### *Police Tax Options for 2014*

#### **This proposed budget includes an increase of 1 mil in the Police Tax from 20 mil to 21 mil for 2014**

1. Police Tax – 21 mil - \$353 per average single family house in Chambersburg  
If Town Council adopts this 2014 budget with the 21 mil Police Tax, the Borough will hire no additional officers, no changes to operations, no replacement of the two officers who retired in 2011, will not fund the SET Team, and the budget anticipates two additional retirements in 2014. The budget assumes a reasonable operating deficit of -\$48,565.
2. Police Tax – 20 mil - \$336 per average single family house in Chambersburg  
If Town Council adopts the 2014 budget with only a 20 mil Police Tax, the Borough will need to make some serious cuts:
  - a. For example, layoff the two new Police Officers currently at the academy; or
  - b. eliminate up to 13% of the non-personnel related costs of the Police Department;
  - c. eliminate up to 40% of the overtime in the Police Department budget
 To balance the budget at 20 mil, one must remove \$194,240 ; not to mention the \$48,565 deficit
3. Police Tax – 21.5 mil - \$361.40 per average single family house in Chambersburg  
If Town Council adopts the 2014 budget with a 21.5 mil Police Tax, the Borough can either:
  - a. Keep the two (2) new Police Officers in the police academy class and replace the next two (2) Police Officers who retire thereby keeping the complement at thirty-three (33); or
  - b. Keep the two (2) new Police Officers in the police academy class and return funding for the SET Team.

#### *The SET Team for 2014*

On September 9, 2013, the Town Council approved the following: “effective immediately all training, funding and wages associated with the SET Team to include: hostage negotiation, precession shooting, or any special weapon or tactic training, whether on straight time or on overtime end effective the next payroll period and that instead those resources of the Borough, be dedicated to community policing, to patrol, which includes foot patrol, bike patrol and knocking on doors getting to know the community and the people of our town.”

This policy will remain in place for 2014 unless specifically rescinded by action of Town Council.

*Emergency Services Department*



The Chambersburg Emergency Services Department is an all-hazard incident management department, which delivers fire prevention/suppression and emergency medical service to protect the lives and property of the citizens that live, work or visit the Borough of Chambersburg.

Department Head: Chief William FitzGerald

	2012 Actual	2013 Budget	2014 Budget
<u>ES Dept. Operations</u>	\$3,189,320	\$3,200,317	\$3,705,560
<u>Earmarked Revenue</u>			
Fire Tax Transfer	\$ -	\$ -	\$ 480,000
Local Services Tax	\$ 748,586	\$ 700,000	\$ 650,000
Fire Code Inspections	\$22,170	\$16,000	\$ 50,000
Ambulance Fees	\$966,135	\$1,000,000	\$1,160,000
<i>Subtotal</i>	<i>\$1,736,891</i>	<i>\$1,716,000</i>	<i>\$2,340,000</i>
Excess (Deficit)	(\$1,452,429) Deficit	(\$1,484,317) Deficit	(\$1,365,560) Deficit
SAFER GRANT	\$ 130,012	\$ 766,165	\$605,000

**There is a structural deficit in the Chambersburg Emergency Services Department.** Other non-Emergency Services revenues are carrying the cost of the department.

This budget includes several dramatic and necessary improvements to revenue to keep the structural deficit in the Emergency Services Department manageable. However, even with a Fire Tax of 2.5 mil and the final year of the Staffing for Adequate Fire and Emergency Response Grant program, the ES Department continues to suffer from excessively high expenses.

In 2015, once the SAFER Grant ends, the Borough will be forced to consider additional dramatic increases to revenue to balance the effect of the ES Department on the General Fund. **At \$3,705,560, the ES Department is only slightly smaller in cost than the Chambersburg Police Department, a department that requires a 21 mil tax to keep it functioning.** All personnel expenses of the ES Department have continued to increase dramatically:

<u>ES Dept. Operations</u>	2012 Actual	2013 Budget	2014 Budget
<u>Non Personnel Costs</u>	\$1,072,179	\$1,271,217	\$1,262,500
<u>Personnel Costs</u>	\$ 2,117,141	\$ 1,929,100	\$ 2,443,060*

\* - Due to the Richard Kasher Arbitration Decision

*Personnel*

	2005	2006	2007	2008	2009	2010	2011	2012	2013 Budget	2013 Actual	2014 Budget
<b>Chief</b>	2	2	2	2	2	2	2	2	1	2	2
<b>Clerical</b>	1	1	1	1	1	1	1	1	2	2	2
<b>Officers</b>	18	21	21	22	21	21	21	21	21	21	21

*The Richard Kasher Arbitration Decision*

The Borough had been involved in binding Act 111 arbitration with the Local 1813 of the International Association of Fire Fighters, the union representing the uniform personnel of the ES Department, for years, regarding the Collective Bargaining Agreement that expired in December of 2011. Initial negotiations commenced in 2010. Three days of hearings were held before the Arbitration panel consisting of the Borough's partial arbitrator, Ken Jarin, the Union's partial arbitrator, Stuart Davidson, and the impartial arbitrator, Richard Kasher. The hearings were held on May 29, May 30, and November 29 of 2012 in Harrisburg.

On September 9, 2013, the Richard Kasher Decision was released to the public. The decision is final and binding and covers the budget years 2012 through 2016. While Council has elected to challenge one narrow part of the decision, the balance of the decision cannot be reasonably challenged. There is no system of appeal such an arbitration award unless there's been a violation of law. Therefore, the implementation must be at once and reasonable.

**The net wage/benefit cost is an additional \$101,735 by 2016**

<b>* Estimated Wages</b>	<b>** Pension: Currently contributing 5%</b>
2013: retroactive 2.5%	2013: No increase in contributions
2014: 3% increase	2014: 4% Contribution
2015: 3.5% increase	2015: No Increase in contributions
2016: 4% increase	2016: 5% Contribution

\* - Approximately a 13% weighted net increase in wages

\*\* - Approximately a \$13,000 increase in Borough pension expenses

This is in addition to the end of the SAFER Grant. The grant was to pay for the preservation of nine (9) firefighters' positions through the grant period (fall 2012 through fall 2014). As you know, the SAFER Grant was scheduled to be fully depleted early and anticipating running out of funds by summer 2014. The Borough must fully absorb the costs of these nine firefighter wages and benefits after the end of the grant plus at the higher wage and benefit rates

A plan was adopted by Town Council to address the combined effect of the arbitration award and the end of the SAFER Grant:

1. Cancel or delay all ES Department capital improvement projects
2. Raise all possible Ambulance and Fire Code Inspection Fees up to 25% beginning January 1, 2014
3. Cancel all plans to refurbish or replace the Fire Department aerial ladder truck
4. Impose a Fire Tax to Cover Other Apparatus Expenses
5. Request that Hamilton, Guilford, & Greene Township Adopt the International Fire Code and Contract with the Borough Fire Department as a Third Party Code Agency

Council approved this Plan and this budget reflects these policy decisions.

*Do we need a more global solution to fire protection?*

We have plenty of questions but not a lot of good answers. Further, it is not possible to ignore this problem any longer. The Chambersburg ES Department is the best trained, most well equipped, and most reliable public safety force in Franklin County. Yet, it is too expensive for the Borough to operate. Meanwhile, we have heard that our neighbors in the Townships are struggling to find qualified and committed volunteer firefighters, response times are slowing, and the future of an all-volunteer force in the Townships is questionable. Can we work together to find a more global solution to regional firefighting?

**It is my proposal that the various parties involved in this issue including the Franklin County Fire Chiefs Association, the County Department of Emergency Services, the County Commissioners, Volunteer Fire Companies, the Township Supervisors, Town Council, our Fire Chief and the fire union, all gather and see what global solutions can be proposed to address public safety in Franklin County.**

If no action is taken, once the SAFER Grant ends, it is unlikely that Town Council will continue to afford the cost of the Chambersburg Emergency Services Department. This budget is another warning sign that action must be taken.

*Township Fire Code Commercial Inspection Services*

As a part of the Borough adopted plan, this budget includes a request that Hamilton, Guilford, & Greene Township Adopt the International Fire Code and contract with the Borough ES Department as a Third Party Code Agency. Currently, the Borough is in the process of re-authorizing our local law, which adopted the fire code. In the Borough, businesses must be inspected (some annually & some tri-annual) for code violations. We believe this is a big fire prevention program, in that it actual prevents fires, saves lives, and property. In the Borough, the ES Department charges businesses for this important inspection program (revenue goes to support inspections and prevent fires). In many cases, the businesses' property insurance may be reduced because of these inspections.

It is our hope and desire that the townships will contract with Borough to expand our successful fire code inspection program to township businesses at no cost to their taxpayers. As with inside the Borough, the townships businesses would pay for the program. The businesses and the community would be safer.

It would take 6 to 8 months to negotiate a program – only the townships can adopt the program and set the fees. A portion of revenue collected would be shared with the townships.

This important new ES Department program will begin with meeting with stakeholders and exploring how this program may function.

The public support, the support of the elected officials, and the support of fire officials are paramount.



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## Recreation Department

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The Chambersburg Recreation Department provides quality recreation experiences for our community through well organized and diverse programs, as well as, a properly maintained park system.

Department Head: Guy Shaul

	2012 Actual	2013 Budget	2014 Budget
<u>Recreation Operations</u>	\$1,347,302	\$1,410,100	\$1,429,980
<u>Earmarked Revenue</u>			
Recreation Tax	\$ -	\$ -	\$ -
Recreation Fees	\$438,791	\$435,000	\$412,000
CASD Grant	\$122,244	\$122,244	\$122,244
<i>Subtotal</i>	<i>\$561,035</i>	<i>\$557,244</i>	<i>\$534,244</i>
Excess (Deficit)	(\$786,267) Deficit	(\$852,856) Deficit	(\$895,736) Deficit

**There is a structural deficit in the Chambersburg Recreation Department.** Other non-Recreation revenues are carrying the cost of the department. Further, the deficit is growing every year.

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In Chambersburg, we are fortunate, that our Memorial Park Pool does not cause a significant drain on the Borough's finances. In fact, in 2010, 2011 and 2012, the pool just about covered all its expenses with operating revenue and concessions. In 2013, the weather was poor and the pool lost some money. Of course, the same cannot be said for the many beautiful and important park facilities of the Borough or our well-used Eugene Clarke, Jr. Community Center. Overall, the Recreation Department covers only 38% of their operating expenses.

**Recreation programs rarely break even. Communities must commit to funding recreation for non-fiscal reasons such as economic development or community health and safety.**

The Recreation Department took a big hit in 2011 when Town Council eliminated one full time maintenance supervisor position.

In 2013, with a new agreement in place with the union representing maintenance employees, the Borough plans an ambitious plan to seek community volunteers and interns to work on all types of landscaping throughout Borough parks.

This proposed budget does not contemplate any tax increases and no additional personnel changes.

#### Department Needs

- Qualified instructors to teach our programs
- Continue to grow our advertising & marketing efforts, possibly through Social Media
- More space for programs (fields & gyms)
- More parking at Recreation Center

#### Department Goals

- Continue to offer quality child, youth and adult programs
- Continue to offer non-sports programs
- Collaborate with community organizations to expand our programming and find new instructors for our programs

#### Operational Changes

- Maintenance Foreman position no longer exists. Supervisor leading the maintenance personnel
- Park Guards program success and expanding
- Expansion of security cameras
- New Recreation Department software installed and expanded

#### **Major items for 2014:**

- The proposed budget includes the work associated with relocating the men's adult softball field away from the dangers associated with I-81 identified by PennDOT
- The proposed budget includes the work associated with the construction at Mike Waters Park
- The proposed budget includes \$58,000 in other park improvements but:
  - Eugene Clarke Jr. Community Center: Replace roof over office area, \$30,000
  - Memorial Park/Municipal Pool: Camera system, \$10,000
  - Eugene Clarke Jr. Community Center: Replace HVAC unit, \$10,000
  - Mike Waters Park: Camera system upgrade, \$8,000

#### *Citizen Conservation Corps Program*

As a part of the Pennsylvania Workforce Development Project, the Chambersburg Recreation Department is attempting to organize a Citizen Conservation Corps to work in Borough Recreation Department facilities in 2014. The Corps members would be students, who would work in crews under the guidance of skilled, adult crew leaders. They would gain hands-on training in carpentry, masonry, landscaping and other trades, while being offered a variety of off-site educational opportunities, such as GED preparation, vocational-technical classes, college courses and job shadowing by another organization.

Projects might include tree planting, building and fixing recreation pavilions, or planting and maintaining flowerbeds.

It is our goal to have a program, with a program partner, in place for 2014.

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## Land Use and Community Development Department

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The Chambersburg Land Use and Community Development Department includes the planning, zoning, community and economic development functions in the Borough as well as enforcement of the building, health, and property maintenance codes. The Land Use & Community Development Department helps to plan and design the Borough's form and character, support community values, preserve the environment, promote the wise use of resources and protect public health and safety through code enforcement.

Department Head: Phil Wolgemuth

	2012 Actual	2013 Budget	2014 Budget
<u>Operations</u>	\$367,877	\$380,570	\$427,360

The department provides high quality service to Borough citizens and customers according to the following principles:

- Listen, to understand your needs;
- Give clear, accurate and prompt answers to your questions;
- Help resolve problems in an open, objective manner;
- Explain how you can achieve your goals under the Borough's rules or the uniform code;
- Maintain high ethical standards;
- Work to improve our service in the most cost effective manner possible.

Community planning involves: citizens, neighborhood groups, businesses, stakeholder, land developers, and contractors along with Borough staff, and appointed and elected officials. The Town Council are elected officials. The Town Council appoints citizens to serve on the Board of Health, Building Code Board of Appeals, Curb & Sidewalk Compliance Committee, Elm Street Advisory Council, Housing Commission, Parking, Traffic & Street Light Committee, Planning & Zoning Commission, and the Zoning Hearing Board. These groups help process various parts of the planning and community development process. The Land Use and Community Development Department staff works with everyone to insure that the process is well executed. The Assistant Borough Solicitor is appointed to work with this department as well.

There are three (4) main areas of concentration in this department:

### *Codes*

The Codes Office is responsible for enforcing the Property Maintenance Code, Rental Property Code and Brush, Grass and Weeds Code as well as the PA Retail Food Facility Safety Act and Uniform Construction Code, which are enforced by the Borough's contractor, Commonwealth Code Inspection Service (CCIS). CCIS personnel also enforce the Rental Property Code with administrative support from the Codes Office.

The Codes Office's goals and challenges for 2014 include:

- Continue Property Maintenance Code and Rental Property Code enforcement strategy involving prompt inspection, violation notice/correction and Solicitor/Court action;

- Continue to research and implement methods to generate revenue from fines and recouping costs associated with code enforcement actions;
- Enforce Act 90 provisions in conjunction with the Manager and Solicitor;
- Work with the Solicitors to determine whether amendments to the Rental Property Code are necessary based on knowledge gained from enforcement actions taken against downtown building property owners;
- Prepare amendment to the Brush, Grass and Weeds Code to address repeat violation offenders;
- Secure work space area for part-time employee and permanent area for climate controlled document storage;
- Use technology with wireless communication capabilities to improve scheduling and inspection reporting and improve the residential rental unit inspection database that has been used since the program began in 2002

### *Community and Economic Development*

The Community and Economic Development Office is the administration of the Community Development Block Grants, HOME Investment Partnership Program grants, Elm Street Program grants and the Borough's Housing Rehabilitation Program. The office also provides outreach and technical assistance for variety of downtown and borough-wide economic development projects.

The Community and Economic Development Office's goals and challenges for 2014 include:

- Continue staff support to Habitat for Humanity to administer HOME grant funding for housing rehabilitation for resale program as well as to Valley Community Housing Corporation for housing redevelopment project at the corner of Hollywell Avenue/Catherine Street;
- Elm Street Program final grant administration and closeout;
- Use \$50,000 from the Electric Department to start a revolving grant/loan program for churches and non-profit organizations to finance energy efficiency improvements;
- Work with PIRHL Developers and Interfaith Housing Alliance to secure funding for the proposed senior housing complex at the Southgate Shopping Center and building that formerly accommodated County Market;
- Rehabilitate at least 4 owner-occupied homes;
- Apply for HOME grant funding for the Housing Rehabilitation Program and a rental-unit rehabilitation project;
- Evaluate whether the Borough should receive CDBG funds directly from the U.S. Department of Housing and Urban Development or continue to receive funds from the PA Department of Community and Economic Development (DCED);
- Ensure CDBG funds are substantially spent within 3-year timeframe as required by DCED;
- Expend CDBG funds allocated to the South Street reconstruction project;
- Secure CDBG funds to replace ADA curb ramps in the Second Ward;
- Conduct income survey at Nicholson Square Village to determine whether CDBG can be used to develop the public park area;
- Conduct income survey to determine whether CDBG can be used to reconstruct Elder Street;
- Establish a student intern program to provide a positive summer experience, including nourishment, for children in the Borough.

### *Planning and Zoning*

The Planning and Zoning Office coordinates review and approval of subdivision and land development plans to include fee collection, review and analysis, meeting facilitation, street addressing, document recordation, and public works security Administration. The office also processes Land Use Permit applications and Zoning Hearing Board Appeals and provides technical assistance regarding the Comprehensive Plan and other planning-related issues.

The Planning and Zoning Office's goals and challenges for 2014 include:

- Finish the Official Map project;
- Finish the Tourist Oriented Directional Signs (TODS) Signing District project;
- Continue the Zoning Ordinance/Map update;
- Secure permanent area for climate controlled document storage;
- Draft amendments to the Subdivision and Land Development Code, Zoning Code and other codes as referred by Town Council.

### *Residential Rental Inspection Enforcement and the Effect on the Budget*

The Codes Office is responsible for enforcing the Property Maintenance Code and the Rental Property Code. CCIS personnel also enforce the Rental Property Code with administrative support from the Codes Office. However, when we have a significant challenge with a local landlord, it is the Codes Office that must set about to use the complex and time consuming legal system to bring the landlord into compliance.

Town Council has repeatedly stated that landlords who are bad community citizens (in the form of specific, chronic, and repeated Code violations) need to be prosecuted.

This budget contemplates additional administrative costs associated with that level of enforcement.

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## Highway Department

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The Highway Department functions include a variety of activities from snow and ice removal to patching streets, overlaying streets and alleys, and cleaning and maintaining the Borough's municipal separate storm sewer system (MS4). Lending a hand to the Sanitation Department (separate enterprise fund) or the Motor Equipment Fund (separate internal service fund), Highway Department personnel are out fixing signs, cleaning storm drain inlets or patching holes almost every day.

Department Head: David Finch

	2011 Actual	2013 Budget	2014 Budget
<u>Operations</u>	\$986,442	\$1,435,221	\$1,280,215

### Major items for 2014:

- David Finch, Elwood Sord and Arnold Barbour run this department, which handles the maintenance of items not associated with Sanitation, Motor Equipment, or utility operations (all of whose expenses appear in other funds). This is therefore, the balance of non-utility highway and storm sewer maintenance.
- Changes to street patching and street excavation permits will result in contractors paying additional costs when excavating inside the Borough as the Borough absorbs fewer expenses.
- Working closely with the Engineering Department, the Highway Department is undertaking a pavement inventory system.
- Working closely with the Sewer Department, the Highway Department will assist in the investigation and remediation of potential municipal cross connections between the sewer system and the storm drain system.
- In 2014, the concept of re-establishing this department as an independent Construction Department, a separate internal service fund, will be explored. To that end, as Highway Maintenance Workers retire, they are replaced with multi-department Construction Workers.
- The proposed budget includes a reservation for future capital projects of \$100,000.
- The proposed budget includes the same number of employees; no additional employees.

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## General Government

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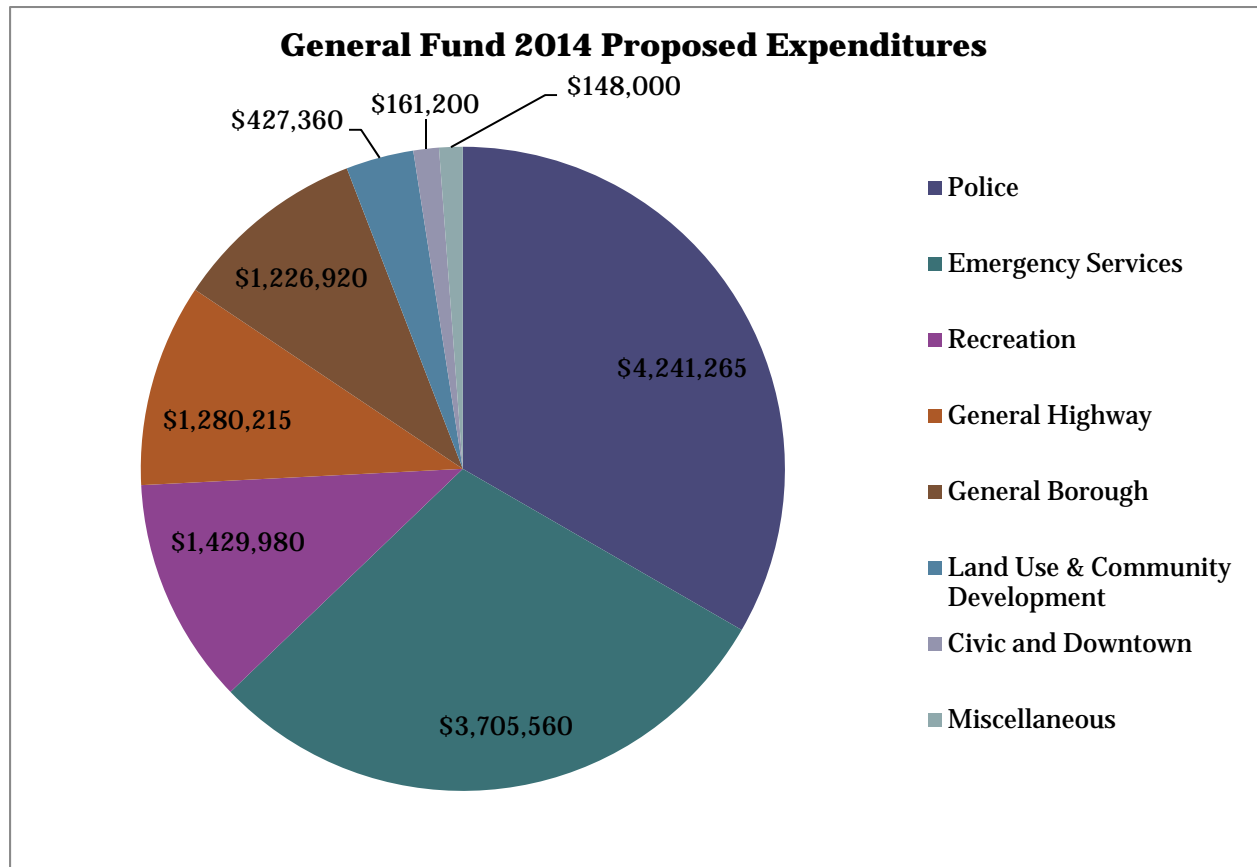
General Government functions include a variety of activities from the organization and management of Town Council to various intergovernmental activities (Council of Governments, 21<sup>st</sup> Century Partnership, etc.) to civic activities such as the maintenance of the downtown, community events, and the Shade Tree Commission.

Department Head: Jeffrey Stonehill

	2012 Actual	2013 Budget	2014 Budget
<u>Executive Operations</u>	\$1,019,974	\$1,230,857	\$1,226,920
<u>Civic &amp; Downtown Operations</u>	\$119,500	\$131,200	\$161,200

### Major items for 2014:

- Elected officials compensation remains fixed with no increase (per State law)
- Borough Solicitor compensation scheduled to rise 4%
- No additional staff will be hired and the Assistant Borough Manager will continue to serve as Public Works Director
- The same budget for the Shade Tree Commission and the 21<sup>st</sup> Century Partnership
- Support the Ice Fest Ice Slide installation will continue at a cost not to exceed \$10,000
- The Borough will continue to contract with Downtown Chambersburg, Inc., to perform the downtown maintenance program at a rate of \$54,000 per year for 2014; with the condition that the Chambersburg Area Development Corporation annually donate a share of \$8,000 to this program either in cash or documented in-kind donation of support so that the program budget rises to \$62,000 per year
- The Borough will continue to financially support Downtown Chambersburg Inc to administer the downtown partnership marketing program at a rate of \$20,000 per year for 2014; with the condition that the Partnership annually raise an amount of cash contributions at least equal to that sum from various charities, merchants, stakeholders, partners, or economic development agencies
- The Borough will participate to develop a new vision statement for the downtown, the Downtown Visioning effort
- The Borough will add new financial support for Phase 2 of the downtown vision process, an update of the Downtown Master Plan, with a 2014 contribution of \$8,000 toward that program; with the condition that Downtown Chambersburg, Inc., as program manager, raise for Phase 2, master planning process, contributions at least equal to that sum from various charities, merchants, stakeholders, partners, or economic development agencies
- The Borough will continue to participate and support the efforts of the Downtown Business Council to have successful events that bring visitors and commerce to the downtown, with a lump sum cash grant of \$5,000 for that purpose, of which \$1,200 to be used for Christmas lights and decorations; not including the dozens of hours of staff time as in-kind support
- The proposed budget includes the reservation for future capital projects



2014 Budget		
Police	\$	4,241,265 34%
Emergency Services	\$	3,705,560 30%
Recreation	\$	1,429,980 11%
General Highway	\$	1,280,215 10%
General Borough	\$	1,226,920 10%
Land Use & Community Development	\$	427,360 3%
Civic and Downtown	\$	161,200 1%
Miscellaneous	\$	148,000 1%
<i>Total Expenditures</i>	\$	12,620,500
<i>Total Revenue</i>	\$	12,955,970

The excess revenue is a product of the Fire Tax rebate from Motor Equipment Fund of \$480,000 and is not available cash to spend



11/4/2013



# Electric Department Budget

*As Proposed for 2014 by Jeffrey Stonehill, Borough Manager*



The Borough of Chambersburg

# Electric Department Budget

*As Proposed for 2014*

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The Chambersburg Electric Department serves approximately 10,200 electric customers covering a service territory of 6.58 square miles. Chambersburg's electric profile is composed of great diversity with a healthy traditional mix of residential, commercial, and industrial load base. Its electrical load is both summer and winter peaking with the predominant peak occurring during summer months at approximately 62 megawatts.

The availability of electricity to the Borough of Chambersburg began sometime after the Franklin Electric Company applied for a Charter to furnish electric current on August 29, 1874. It is uncertain how long this firm remained in business. The Cumberland Valley Railroad Company constructed a portable electric light plant located on a railcar in 1883. In 1884, this device lighted arc lamps around the Public Square for the Centennial and lighted the grounds for a baseball game which was played at night.

On November 29, 1889, the Borough placed a contract for installing an Electric Light Plant to light the streets of the Borough in the amount of \$9,757. This street lighting system was operated from dark until twelve o'clock midnight. It was not operated on moonlit nights. In 1891, the Borough went into the commercial phase of supplying "current" to consumers. The Borough installed its first steam driven generators in 1893. The high voltage distribution system naturally grew over the years as radial spokes emanated from the power plant located at the hub of the Borough. This system became the central driving force for commerce as local industries embraced electrically driven machines. Rates were \$0.12 per kilowatt hours in 1901, \$0.06 in 1935 and averaged \$0.0842 in 2008. About 8 million kilowatt hours were generated in 1935. In 2008, the total billed kilowatt hours were 303,299,213 of which approximately 15%, or approximately 38 million kilowatt hours, were generated by our generation facilities.

Dissatisfied persons within the Borough sought to restrain the Borough from producing electricity in its early years. Fortunately, the courts dismissed the suit. For the first fifty years of operation, all electricity distributed by the Department was produced within the Borough by its own generating equipment which was added as needed. During World War II, generators were unavailable to meet increased generation demands by the local industries producing for the war effort. Thus, a 69 kV transmission line was constructed from South Penn, later West Penn, Power Company lines to augment the Borough's generation. After the war-related restrictions were lifted, Chambersburg began to invest in needed generating equipment into the 1960s with the addition of steam turbines and later two dual-fueled diesel/gas engines.

The decision to cease the Borough's steam-driven generation operations was made in 1975 because of the age of the equipment and new environmental requirements for burning coal. Most of the electricity was then purchased at wholesale from West Penn Power. The transmission system and distribution substations were expanded over the next thirty years to meet an ever-increasing customer load.

During the past decades, the Department continued to add to and upgrade the substations and distribution system. During that time a new 3.2 megawatt dual-fuel generator was added to the two

existing dual-fuel units, which increased the Borough's generating capacity to 7.5 megawatts. The Department also upgraded to state-of-the-art control systems and installed a Supervisory Control and Data Acquisition ("SCADA") system network. During this time, the Borough has been developing and installing a Borough-wide Geographical Information System (GIS) to combine utility maps, customer service records and numerous data files into a single geographical reference system. The Department has been instrumental in installing a fiber optic cable system among the various substations and various Borough facilities located throughout the Borough. This installation expanded in 2013 by entering into a fiber optic sharing agreement with Franklin County. Our fiber backbone will now be used to support the infrastructure of both government organizations, our computer networks and someday our telephone systems.

Another successful year for our Wartsila constructed power plant at Orchard Park including our four eighteen-cylinder, 8,086 horsepower engines that generate 5.73 megawatts each. The \$19.9 million project, which included the construction of an adjoining substation and other system improvements, became operational in 2003. As a result of the new plant, the Borough had joined the Pennsylvania, New Jersey and Maryland (PJM) Interconnection, a regional power grid and is now able to purchase and sell electricity on the grid.

In 2012, the Borough embarked on a new phase of both wholesale power purchasing and generation. In 2009, Council agreed with staff's proposal to halt work and spending on the landfill gas project as it was being conceived of at the time. The project was originally intended to be a high-BTU refinery to be built and operated at the Scotland Landfill site by the Borough and/or a refined gas pipeline to the Borough for mixing and consumption at Orchard Park Generating Station. The conclusion of staff's analysis was to give up direct negotiations for development with the landfill owner (IESI, Blue Ridge), the costly development process, and to wait and see if a third party developer would contact the Borough with a more economically viable "extension cord" power project that they were willing to develop. This was the only remaining project concept that would be considered going forward. As was somewhat expected then, in 2010, a third party, PPL Renewable Energy, contacted the Borough to solicit interest in a power-only project involving their development of the Scotland Landfill site. The Borough's role in the development of this project was the ambitious plan to build the "extension cord", which was completed on time.

In late 2012, early 2013, a PPL Renewable Energy 6.4-megawatt methane-to-electricity power generation system opened at the Blue Ridge Landfill. The landfill will provide 3.2 million cubic feet of methane gas from the 268-acre facility to power four Caterpillar engine generators. The generators will power the equivalent of approximately 3,500 homes. Methane-to-energy systems at landfills have a dual benefit for the environment - they generate electricity from renewable fuel while also eliminating emissions of methane, a gas which may contribute to global climate change. The plant prevents the equivalent of 33,000 tons of carbon dioxide emissions each year.

Chambersburg now acquires the full output of the electricity under a Purchased Power Agreement (PPA) for the initial 10-year term, 2013-2022, at a fixed price of \$63/MWh for the entire term with no additional delivery or congestion fees as the connection is made to a substation within Chambersburg's power system. In addition, there is the potential to invest in further future generation over an extended term.

The electric energy produced from this landmark facility represents an approximate 15%-18% savings from our previous requirements contract with DTE but only for a 10%-16% slice of the Borough's overall electricity needs.

The Borough's old power supply agreement with DTE Energy expired on December 31, 2012. In addition to the landfill project, the balances of the Borough's power supply needs were developed through an aggressive quarterly power acquisition process. We no longer have one supplier of power, but rather several; each selling the Borough different selections (or tranches) of power supply for different times of the day/season, for different terms. We call this plan a "portfolio" approach to power supply acquisition.

Throughout 2013, the cost of wholesale energy remained favorable for future power procurement. Electricity is a commodity, bought, sold, and traded hour to hour. As a result of the new market variability, in 2010 Pennsylvania adopted a change to the Borough Code to allow the 35 municipal electric systems to acquire energy in a different manner than years past. Specifically, energy can be negotiated and bought without the cumbersome and untenable sealed bid process used to buy most large items by the Borough. In light of these changes, Chambersburg with its consultant GDS Associates of Marietta, Georgia, has developed a Power Supply Master Plan, which Town Council adopted on May 14, 2012.

The power supply portfolio approach and comprehensive plan which is occasionally re-presented before Council, specifically spelled out the procurement strategy Chambersburg has developed for a series of Request for Proposals (RFP) and the systematic fulfillment of the Borough's future contract power needs. In addition to the landfill gas electricity supply of 6.1 MW at \$63/Megawatt-hour (MWh), a second agreement with Exelon purchasing energy through a seven year power purchase agreement of 5MW at \$59.60, and First Energy Solutions for a fixed load shape two-year purchase priced at \$45.51/MWh had been approved.

On June 17, 2013 the Borough Electric Department agreed to sign the "EEI Confirm" to purchase two blocks of future-year power from two low-bidders: 1) Constellation/Exelon (merger) and 2) PSEG.

1) Constellation/Exelon: This is a 7x24x365 block of 4.9 MW delivered to Chambersburg for calendar year 2015. The price was agreed via phone conference and will be set in writing for the one-year period at \$39.14/MWh.

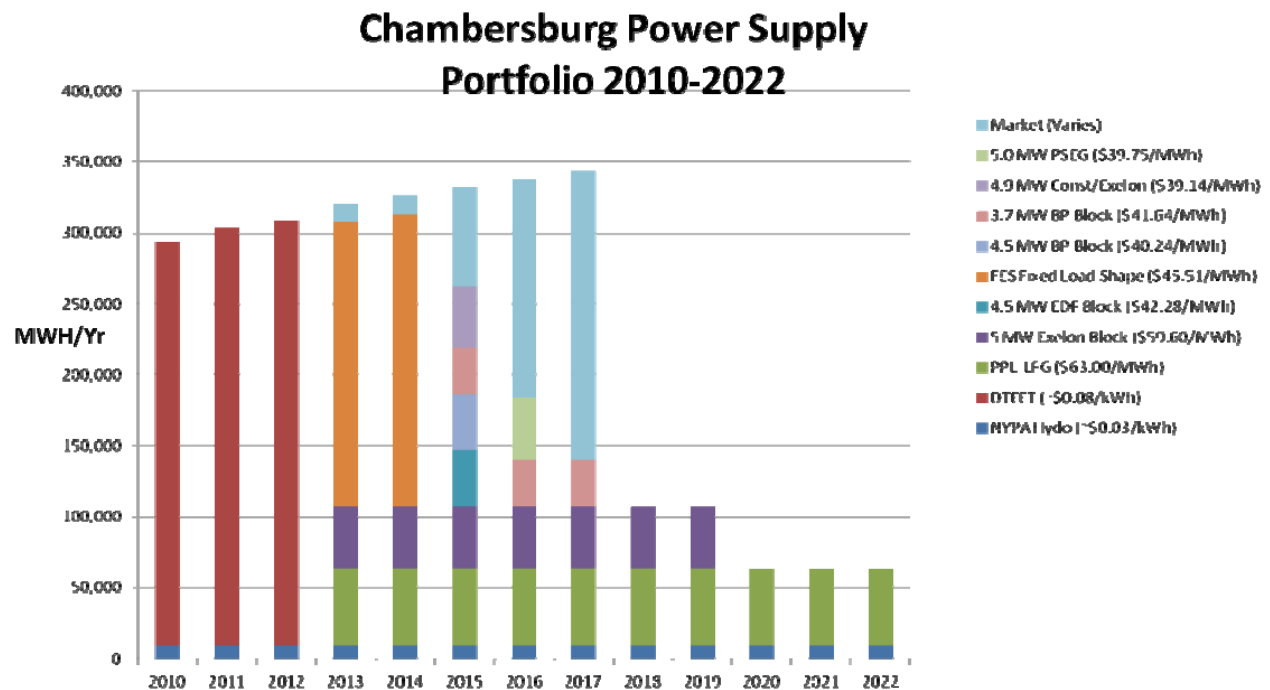
2) PSEG: This is a 7x24x365 block of 5.0 MW delivered to Chambersburg for the calendar year 2016. The price was agreed via a separate phone conference and will be set in writing for the one-year period at \$39.75/MWh.

The two new blocks of power now secured in the electric supply portfolio will obviously have a nice short to mid-term cost-reducing/stabilizing effect on the Borough's electric rates. As a point of comparison, the prices locked in for the two new blocks have not been seen around Chambersburg in the wholesale market since about the year 2000

In 2014, there will be increasing interest in meeting future electricity requirements through a diverse mix of cost-effective resources, including energy efficiency, non-traditional renewable resources, and new technologies such as distributed generation, in addition to traditional supply side resources.

To that end, the Borough remains interested in non-traditional projects such as a community solar project, co-generation projects with industrial customers, and further partnerships to develop energy efficiency projects, which are not only environmentally positive but fiscally positive as well.

All the while, the Borough continues to acquire power supply to diversify our supply portfolio:



### Major Accomplishments

#### 2013 Year to Date

Meters set or changed	146
Services Replaced	109
New/Temp Services	49
Street Light Re-lamp	291
Non Pay After Hour Turn On	240
Transformers Install/Replaced	27
Poles Installed	43
UG Cable Installed (feet)	12,737
OH Cable installed (feet)	21,792

- Completed the Legislative-Required Clean-Air Equipment installation (RICE NESHAP) at Falling Spring Generation Station
- Successfully negotiated four (4) more power supply products to further complete the sustainable forward-looking portfolio energy procurement approach

*Electric Department*



The Chambersburg Electric Department using character, competence, and collaboration will provide to our customers valuable energy products and services that are safe, reliable, and competitively priced. The Electric Department will produce economic and other benefits to the Borough, its citizens, its employees, and its customers while operating in a professional and courteous manner within a structure of local accountability and local control.

Department Head: Ronald Pezon, PE

	2012 Actual	2013 Budget	2014 Budget
Revenue	\$32,359,346	\$32,599,300	\$32,181,800
Expenses	\$33,726,760	\$31,574,605	\$31,574,605
Excess (Deficit)	(\$1,367,414) Deficit	\$1,024,695 Surplus	\$ 607,195 Surplus

- **Finances:** The fund has turned the corner and after years of losses, now expect surpluses
- **Rates:** Adjust average overall rates down about 5% in November 2013 with average overall rates declining further about 5% in 4th quarter 2014.
- **Power:** Systematically purchase additional blocks of power developing over time the power supply portfolio 2015-2022.
- **Investment:** Proposed Capital Budget of \$1.6 Million for sustained least system operating & maintenance costs and long term reliability.

*Rates*

**RATES: Proposed Overall Rates 2013-15**

Approved Cumulative 10% Rate Reduction for 2013 – Proposed Additional 5% Rate Reduction for 2014		
Year	Overall Ave \$/kWh	Yr Under Yr Change
2012	\$0.1050/kWh	0% (BASELINE)
2013	0.10000	- 4.8%
2014	0.09242	- 7.6%
2015	0.08931	- 3.4%

**RATES: Effect on Average (1,000 kWh) Residential Customer by Proposed PSA**

Approved Cumulative 10% Rate Reduction for 2013 – Proposed Additional 5% Rate Reduction for 2014		
PSA Change	Total Elec. Bill	\$/month Effect
2012 PSA	\$114.73	\$0 (under '12)
May 2013	\$109.48	-\$5.25 (-4.6%)
November 2013	\$104.23	- \$10.50 (-9.2%)
December 2014	\$99.00	- \$15.73 (-13.7%)

*Major items for 2014:*

- Staff is recommending one decrease in the Power Supply Adjustment, lowering everyone's rates in 2014.
- The proposed budget includes the second year of buying electricity from a variety of sources; the second year of the Borough's Landfill Gas power station developed by PPL-RE at the landfill in Scotland, PA; and more diverse power supply purchases
- The proposed budget includes \$1.6 million in capital improvements to infrastructure made through the Electric Capital Reserve Fund; these projects include substation and distribution system assets improvements.
- The proposed budget includes no additional full time employees to the Electric Department, no changes in the staffing.
- The proposed budget is balanced using revenues for the first time in many years; a strong financial outlook

*Capital Investment in 2014:*

Major Capital Work Completed:

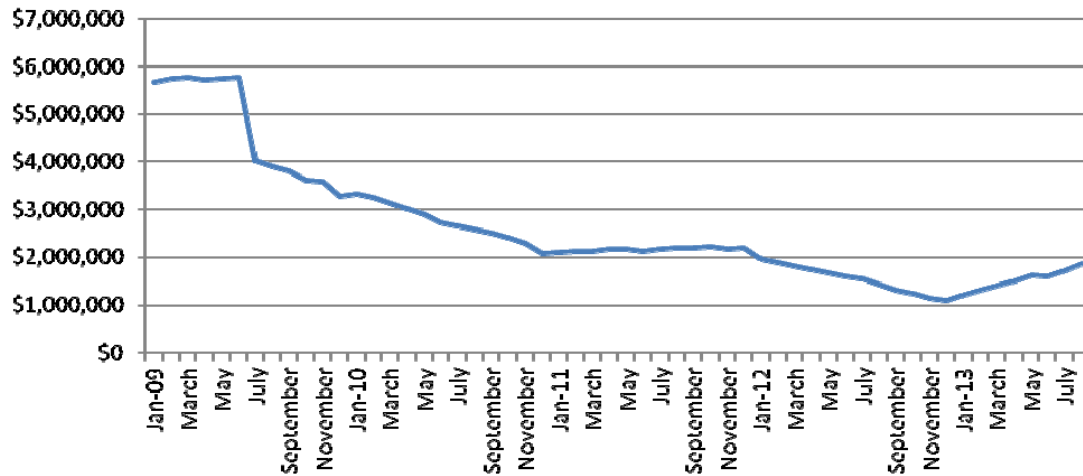
- Landfill Gas Power/ EGF successful commercial operation
- SR 316 Bridge – Transmission Facility Wayne Ave Relocation for PA DOT
- Reciprocating Internal Combustion Engine National Emission Standards for Hazardous Air Pollutants (RICE NESHAP) (~\$200k)

Major Capital Work In-Progress/Proposed 2014:

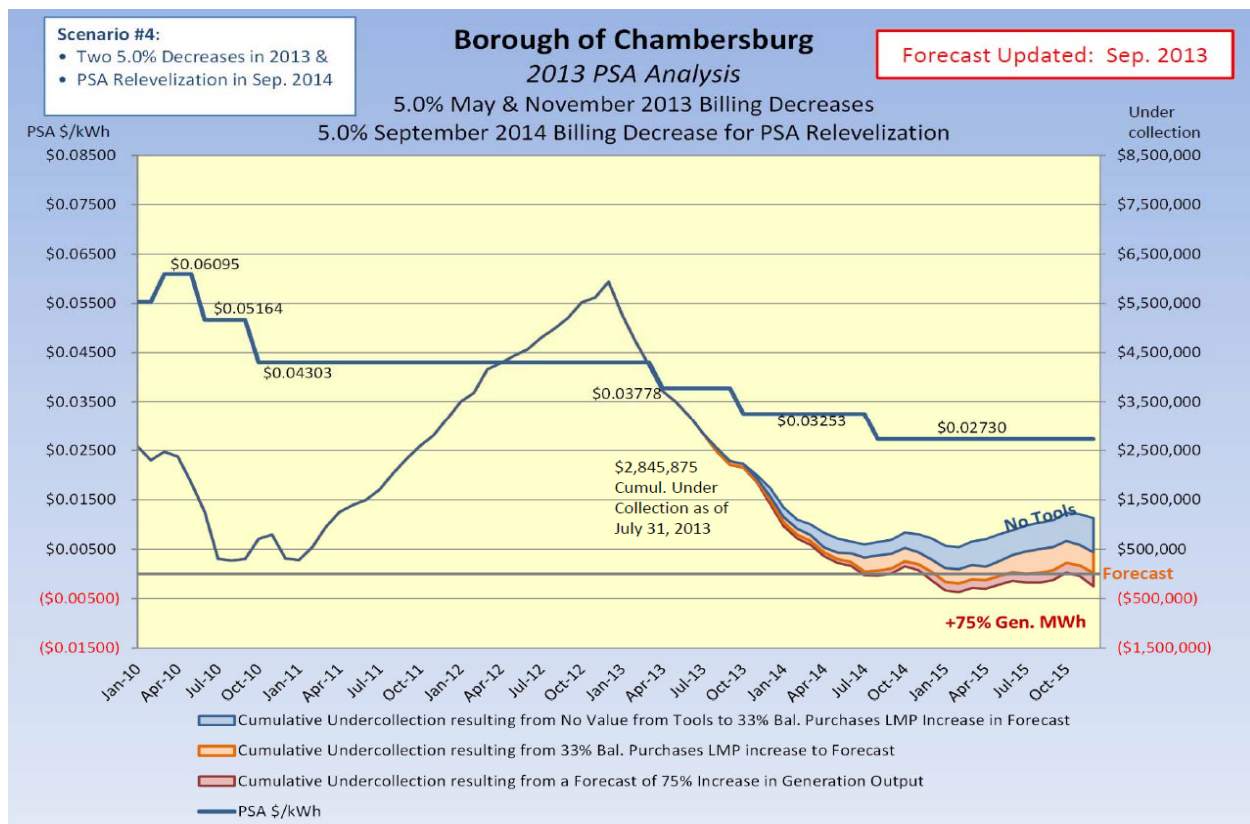
- Distribution Feeder Construction for New Loads
- Supply to Site and Electric Service Upgrade at WWTP
- Extending Distribution Feeder to serve WWTP
- Upgrade Computers and One Engine Control at Orchard Park
- Replacing Old Main Supply Breakers @ Cree and feeder breakers at other substations
- Computer Modeling of Electric System
- Old Smoke Stack Maintenance
- Update 5-Year Asset Management Plan
- Deteriorated Equipment Replacements
- Voltage Conversions for Load Growth/Reliability
- Transmission/Substation Systems Improvements
- Generation Systems/Computer Control Upgrades

For many years, capital projects were deferred as cash reserves in the Electric Capital Reserve account dwindled. That is no longer the case as in 2014 we anticipate a \$1.6 contribution to capital projects.

## Capital Reserve Balance (Cash) 2009 - 2013



## 2014 Analysis of Electric System Future Financial Position ("Hurricane Chart"):





*Largest Customers (in \$ order)*

1. TB Woods 1 - Melting
2. Chambersburg Hospital
3. TB Woods 2 – Foundry/Fabrication
4. Ventura Foods\*
5. Edge Rubber
6. Chambersburg Cold Storage
7. Chambersburg Health Services
8. Knouse Foods
9. Wilson College
10. Borough of Chambersburg WWTP 1
11. Borough of Chambersburg WWTP2
12. TST/Impresso Inc.
13. Chambersburg Area Senior High
14. Giant Market – Wayne Ave
15. Catch-up Logistics
16. Giant Market – Norland
17. Weis Market - Wayne Ave
18. Menno Haven Inc Scotland Ave.
19. Target
20. Ozburn-Hessey Logistics
21. BOC Orchard Park Gen-Station
22. Alternate Heating Systems
23. Chambersburg Area Middle School-South
24. Menno Haven Penn Hall-Manor

\* - In 2013, the Borough of Chambersburg added Ventura Foods as a new major customer of the Borough. This addition of the old Borden facility in Chambers 5 Business Park also initiated a more thorough conversation with the West Penn Power division of First Energy about markets and service area. Much of the Borough is undefined or poorly defined in existing agreements. A major accomplishment of 2014 would be reaching a new contractual understanding about service territory and interconnection with First Energy; discussions continue.

*Payment In Lieu Of Gross Receipts Taxes (PILOT)*

As you know, the Borough Electric Department makes a tax-like contribution to the General Government operations of the Borough. If the Electric Department were an investor owned electric utility, licensed for operation in Pennsylvania, the Electric Department would pay “taxes” to the Commonwealth of Pennsylvania. In its current legal format, the Chambersburg Electric Department is not licensed by Pennsylvania, it is exempt from most Public Utility Commission rules, regulations, and tariffs, and is exempt from paying taxes.

Please find enclosed the proposed 2014 Chambersburg PILOT Tax Return form.

	2012 Actual	2013 Actual	2014 Budget
PILOT	\$950,000	\$1,010,580	\$1,060,580

<b>Borough of Chambersburg Finance Department</b>			
<b>Electric Gross Receipts Tax</b>			
<b>For Tax Year: 2014</b>			
<b>BOC</b>		<b>Total Budgeted</b>	<b>Total Taxable</b>
<b>Acct #</b>	<b>Source of Gross Receipts</b>	<b>Gross Receipts</b>	<b>PA Receipts</b>
	Utility Plant & Allowance		
	Revenues - Electric Plant Leased to Others		
20010/20018/20020/20021	Other Utility Operating Income	590,000	\$590,000
20015	Revenues - Merchandise & Jobbing	90,000	
	Revenues - Nonutility Operations		
	Non-operating Rental Income		
20019/20024	Interest & Dividend Income	3,500	
20016/20017	Miscellaneous Non-operating Income	565,000	
	Gain/Loss on Disposition of Property		
20011	Residential/Commercial/Industrial Sales	30,700,000	30,700,000
	Public Street & Highway Lighting		0
	Other Sales to Public Authorities		0
	Sales to Railroads & Railways		0
20012	Sales for Resale	0	0
	Interdepartmental Sales		
	Other Sales, Non-major Only		0
	Provision for Rate Refunds		0
	Forfeited Discounts		0
20022	Miscellaneous Service Revenues	500	500
	Sales of Water and Water Power		0
20023	Rent from Electric Property	30,000	30,000
	Interdepartmental Rents		
20013	Other Electric Revenues	50,200	
	Revenues from Transmission of Electricity of Others		0
	Regional Transmission Service Revenues		0
20014/20025/20026	Miscellaneous Revenues	151,500	151,500
20027	All Other Sources	600	600
	Totals of each column	\$32,181,300	\$31,472,600
	<b>Tax at the rate of 44 mills Gross Receipts Tax</b>		<b>\$1,384,794</b>
	<b>Town Council Adopted Multiplier</b>		<b>76.5876%</b>
	<b>Payment in Lieu of Gross Receipts Tax</b>		<b>\$1,060,580</b>

### *Reliable Public Power Provider Program from the APPA (RP3)*

The RP3 program recognizes utilities that demonstrate high proficiency in reliability, safety, work force development and system improvement. Criteria within each of the four RP3 areas are based upon sound business practices and recognized industry best practices.

**RP3 Designation:** Chambersburg is one of 176 of the nation's more than 2,000 public power utilities to earn Reliable Public Power Provider (RP3) recognition from the American Public Power Association for providing consumers with the highest degree of reliable and safe electric service. We are one of two in Pennsylvania.

To earn this designation is the annual goal of the Electric Department.

11/4/2013



# Gas Department Budget

*As Proposed for 2014 by Jeffrey Stonehill, Borough Manager*



The Borough of Chambersburg

# Gas Department Budget

*As Proposed for 2014*

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The Chambersburg Gas Company was started on April 4, 1856 when the Pennsylvania Legislature, by special grant, authorized the construction and operation of a gas system. It was a private enterprise, manufacturing and distributing gas until 1946. In December 1946, the Borough of Chambersburg purchased the gas utility and became the second of only two municipal gas operations within the Commonwealth of Pennsylvania, (Philadelphia being the other). Because of Public Utility Commission action, the Philadelphia Gas Works is now falling more heavily under PUC jurisdiction and control. This now leaves Chambersburg as the only true, municipal gas system in the State of Pennsylvania.

Throughout its history, Chambersburg's gas system has made changes in its operation to remain competitive and in business while others have failed, been bought out, or mismanaged to the point of large public scrutiny. This again is one of those times where we need to position ourselves to remain competitive and retain the ability to give our customers a reliable, cost effective and safe gas system.

Chambersburg delivers the lowest cost gas in Pennsylvania, while operating the safest system. In 2012, the Borough delivered 967,567 DTH of gas to our customers; this was a 6% decrease from 2011, primarily due to decreased power plant use. The Electric Department power plants are the single largest customer of the Gas Department.

In 2013, the Borough replaced a considerable amount of old gas mains as the Department worked aggressively to replace lines before future paving; especially the upcoming US Route 11 paving scheduled for 2015.

The highly successful Gas conversion financing program has over 180 homes participating with a total value \$750K in 0% interest loans. The Borough of Chambersburg's Main Street Energy Efficiency Financing Program is an on-bill financing program designed to improve energy efficiency for customers by providing low-cost financing to residential homeowners for the purchase and installation of natural gas Energy Star rated appliances to replace non-gas units.

Funds are available for residential homeowners where natural gas service is available for the purchase and installation of natural gas ENERGY STAR residential appliances – natural gas furnaces, natural gas tank-less water heaters, and certain tank water heaters.

The Main Street Energy Efficiency Financing Program is a municipal service for citizens and customers located within the natural gas service areas of the Borough-owned natural gas distribution system.

Structure & Requirements of Loan for Chambersburg Loans:

- Maximum loan amount - \$5,000
- Maximum loan term – 60 months
- Loans will carry a 0% interest rate
- Each loan will carry a \$3.00 per month administrative fee

- Loans require 24 month good utility bill payment history
- Loan repayments will be added to customer's monthly utility bill

The Borough received the annual Marketing Excellence Award from our partner, the Municipal Gas Authority of Georgia (MGAG) for the highest customer growth, due in part to this loan program. New customers have saved, on average, about \$2,000 per year using gas heat rather than conventional heating oil. This program has already added approximately \$130,000 in annual gas sales to the Department.

A new initiative that the Borough is exploring is that of building a Compressed Natural Gas (CNG) filling station. As directed by Council, staff is pursuing a CNG filling station for fleets. Customer interest is substantial because the proposed concept provides them large cost savings and emissions reductions. Development has been slow as the Borough seeks customers willing to commit to buying CNG if a station is built. In 2013, the Borough let an agreement to buy a prospective location on Wayne Avenue lapse. However, staff is currently negotiating long-term customer take-or-pay agreements with large fleet customers and hope that these agreements, and a replacement site, will materialize in 2014. Without adequate contracts, the proposed project will not proceed (including site acquisition). Staff anticipates that 2014 may be the year of the CNG filling station and expect to send out station design/build RFP in the winter of 2014 for a station installation by the summer of 2015.

In addition, the Borough continues to replace old gas mains and services:

- 70 miles of main (cast iron 12 miles; 12 miles of cast iron replaced in past 13 years)
- Completing installation of the new corrosion control system
- Completed the Rt. 316 bridge gas main project

#### Department Goals for 2014

- Finalize contracts and construct CNG station
- Replace at least  $\frac{3}{4}$  mile of old gas mains
- Add at least 50 gas customers through financing program

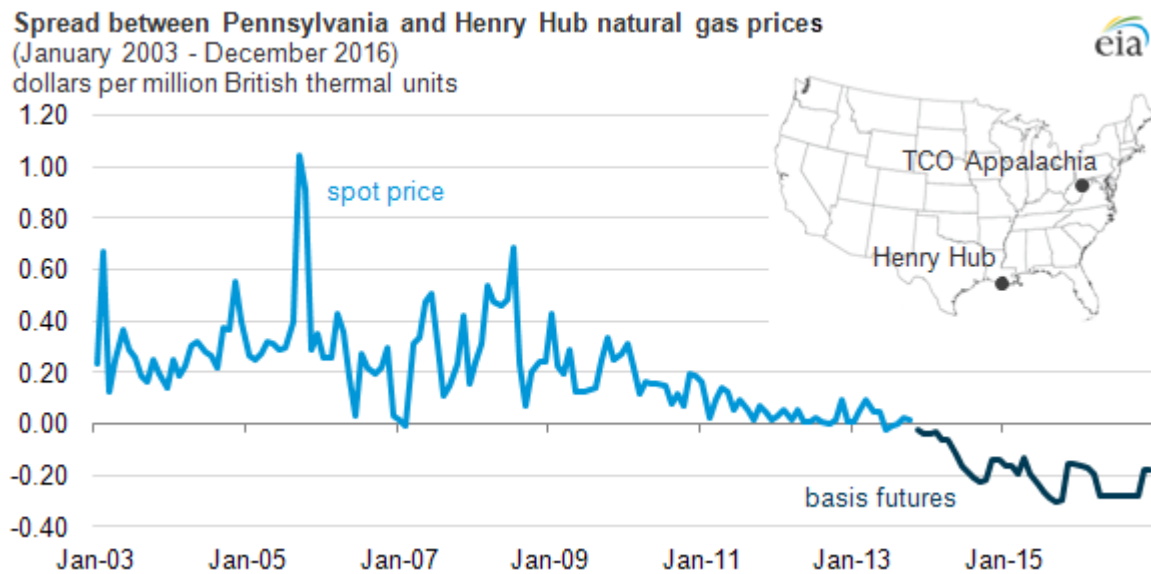
#### *Price of Wholesale Natural Gas*

According to State Impact PA, "The growing supply of gas from the Marcellus Shale is set to push wholesale natural gas prices at a Mid-Atlantic regional trading point below the nation's benchmark price beginning early next year, according to market projections."

Growth in natural gas production from the Marcellus region of Pennsylvania, West Virginia, and Ohio has lowered the spot price of natural gas at the TCO Appalachia trading point in recent years. Forward market prices for natural gas indicate that this production growth will continue, driving the price in this region below the benchmark Henry Hub price early next year.

The benchmark price for natural gas in the United States is the Henry Hub price point located in Erath, Louisiana. A common way to express prices at different locations across North America is the difference (often called basis) between the price at a particular location and the price at Henry Hub.

Natural gas prices in the Mid-Atlantic have traditionally been more expensive than Henry Hub, reflecting the cost of moving natural gas from the production in the Gulf region to consumers along the east coast. Increased production from the Marcellus region began changing that relationship in 2011.



Source: US Energy Information Administration

As 2013 ends, natural gas futures continue to decline as government forecasters predicted milder temperatures across much of the country in November through January, raising concerns about weak demand for the heating fuel at the start of the winter season.

Prices at the New York Mercantile Exchange are erratic but still significantly lower than a decade ago:



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*Gas Department*


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The Chambersburg Gas Department will provide our customers with prompt, professional service; a reliable and safe system with reasonable and stable rates. We exist to generate benefits for the community we serve.

Department Head: John Leary

	2012 Actual	2013 Budget	2014 Budget
Revenue	\$7,883,971	\$8,705,450	\$8,981,200
Expenses	\$7,621,866	\$8,549,600	\$8,970,045
Excess (Deficit)	\$262,105 Surplus	\$155,850 Surplus	\$11,155 Surplus

In 2014, the Chambersburg Gas Department is proposing to maintain a path of strong operating margins. Chambersburg has the lowest natural gas rates in Pennsylvania: an average residential bill of \$720 for the past twelve months vs. \$1,122 at average local private utility rates as approved by the Pennsylvania Public Utilities Commission.

The Borough's retail rates have three components; Gas Supply, Gas Distribution and the Monthly Charge. Gas is sold in hundred cubic feet (ccf) units.

The Gas Supply cost is a direct pass through to customers of the cost for gas delivered to Chambersburg. The Gas Supply rate is \$0.96 per ccf. To account for fluctuations in monthly gas costs, the Purchased Gas Adjustment (PGA) factor is added. The PGA is the same for all customer classes. The PGA is currently a credit, -\$0.38. The Gas Distribution Rate varies by customer class. Our largest class of customers, Residential Heat, pays a distribution rate of \$0.1664 per ccf. The Monthly Charge also varies by customer class. Residential Heat customers pay \$8.70 per month.

Month	Avg. Res. Gas Use (CCF)	Base Rate	PGA	Monthly Charge	Total Bill	Cost per Unit
Oct-12	55	1.1264	-0.37035	\$8.70	\$50	\$0.91
Nov-12	106	1.1264	-0.38659	\$8.70	\$87	\$0.82
Dec-12	136	1.1264	-0.37104	\$8.70	\$111	\$0.82
Jan-13	166	1.1264	-0.40095	\$8.70	\$129	\$0.78
Feb-13	128	1.1264	-0.41846	\$8.70	\$99	\$0.78
Mar-13	104	1.1264	-0.42165	\$8.70	\$82	\$0.79
Apr-13	39	1.1264	-0.37568	\$8.70	\$38	\$0.97
May-13	19	1.1264	-0.33565	\$8.70	\$24	\$1.25
Jun-13	12	1.1264	-0.32740	\$8.70	\$18	\$1.52
Jul-13	12	1.1264	-0.32693	\$8.70	\$18	\$1.52
Aug-13	12	1.1264	-0.34857	\$8.70	\$18	\$1.50
Sep-13	40	1.1264	-0.34078	\$8.70	\$40	\$1.00

Our system, regulated by the Federal government is still exempt from most Pennsylvania regulations. However, we continue to implement our own safety and operational changes including a new corrosion control system. In addition, regular and aggressive upgrades and preventive maintenance schedules have so far prevented any gas safety incidents in Chambersburg.

The Gas Department is actively searching for additional ways to market natural gas. The cost of line extension is prohibitive or the Gas Department would be moving into new neighborhoods. One way they have expanded sales has been through a low cost loan program from our municipal consortium, the Municipal Gas Authority of Georgia. As a major non-Georgia member, Chambersburg has taken full advantage of this program to convert oil-based appliances to clean, safe and affordable natural gas.

Another initiative of the Gas Department is the development of a Compressed Natural Gas (CNG) filling station. In 2013, Town Council passed on a proposed site for the proposed station at the World Harvest Outreach building on Wayne Avenue. We hope that this site or another may be available as the station planning process progresses.

So, 2014 will appear very similar in many respects to 2013. We don't anticipate any significant changes unless the CNG initiative really takes off.

**Major items for 2014:**

- Staff is recommending no gas retail rate change, no increase again in 2013.
- The proposed budget includes \$454,000 in capital improvements to the Gas Department infrastructure; including the replacement of old gas mains and services.
  - 70 miles of main (cast iron 12 miles; 12 miles of cast iron) replaced in past 13 years.
- The proposed budget also includes a \$2 million construction of a Compressed Natural Gas (CNG) filling station that is conditioned upon Town Council approving fleet agreements sufficient in quantity to justify this capital expense.
- The proposed budget reserves \$644,000 for future capital improvements to the distribution system.
- The proposed budget includes the same number of employees; no additional employees.



***Largest Customers (in \$ order)***

	Gas Volume (MCF)	Cost
Chambersburg Hospital	99,533	\$ 746,530
TB Woods	49,767	\$ 340,422
Knouse Foods	48,707	\$ 326,537
Ventura Foods	33,525	\$ 252,394
CASHS	20,655	\$ 144,957
Wilson College	12,795	\$ 92,368
Bri-Mar Manufacturing	10,676	\$ 76,759
Catch-Up Logistics	8,190	\$ 61,459
Orchard Park Power Plant	16,625	\$ 60,077
Menno Haven	12,467	\$ 58,457
Falling Spring Power Plant	5,616	\$ 32,706

Note: 1 MCF = 10 CCF

***Payment In Lieu Of Gross Receipts Taxes (PILOT)***

As you know, the Borough Gas Department makes a tax-like contribution to the General Government operations of the Borough. If the Gas Department were an investor owned electric utility, licensed for operation in Pennsylvania, the Gas Department would pay “taxes” to the Commonwealth of Pennsylvania. In its current legal format, the Chambersburg Gas Department is not licensed by Pennsylvania, it is exempt from most Public Utility Commission rules, regulations, and tariffs, and is exempt from paying taxes.

Please find enclosed the proposed 2014 Chambersburg PILOT Tax Return form.

	2012 Actual	2013 Actual	2014 Budget
PILOT	\$400,000	\$400,000	\$400,000

<b>Borough of Chambersburg Finance Department</b>			
<b>Gas Gross Receipts Tax</b>			
<b>For Tax Year: 2014</b>			
<b>BOC</b>		<b>Total Budgeted</b>	<b>Total Taxable</b>
<b>Acct #</b>	<b>Source of Gross Receipts</b>	<b>Gross Receipts</b>	<b>PA Receipts</b>
	Utility Plant & Allowance		
	Revenues - Gas Refinery Plant Leased to Others		
30012/30018/30021	Other Utility Operating Income	400,000	\$400,000
30015	Revenues - Merchandise & Jobbing	4,000	
	Revenues - Nonutility Operations		
	Nonoperating Rental Income		
30019/30024	Interest & Dividend Income	6,000	
30014/30016/30017/30027	Miscellaneous Nonoperating Income	418,000	
	Gain/Loss on Disposition of Property		
30011/30026	Residential/Commercial/Industrial Sales	8,130,000	8,130,000
30028	Other Sales to Public Authorities		
	Sales to Railroads & Railways		
	Sales for Resale		
	Interdepartmental Sales		
	Other Sales, Nonmajor Only		
	Provision for Rate Refunds		
	Forfeited Discounts		
30022	Miscellaneous Service Revenues		
	Sales of Water and Water Power		
	Rent from Gas Property		
	Interdepartmental Rents		
30013	Other Gas Revenues	22,700	
	Revenues from Transmission of Electricity of Others		
	Regional Distribution Service Revenues		
30025	Miscellaneous Revenues	500	500
	All Other Sources		
	<b>Totals of each column</b>	<b>\$8,981,200</b>	<b>\$8,530,500</b>
	<b>Tax at the rate of 44 mills Gross Receipts Tax</b>		<b>\$375,342</b>
	<b>Town Council Adopted Multiplier</b>		<b>106.5694%</b>
	<b>Payment in Lieu of Gross Receipts Tax</b>		<b>\$400,000</b>

11/4/2013



# Water Department Budget

*As Proposed for 2014 by Jeffrey Stonehill, Borough Manager*



The Borough of Chambersburg

# Water Department Budget

*As Proposed for 2014*

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A good source of water has always been essential to the well being and survival of communities throughout civilization. It is no wonder that the original Colonel Benjamin Chambers Fort was built over the Falling Spring to provide a good source of water for the use of the inhabitants as well for fire protection. The Chambersburg Water Company was organized around 1818. A waterwheel was employed to pump water from the Falling Spring to a reservoir sited on the current Chambersburg Hospital land. Water then flowed to customers through hollowed pine logs which were joined “end to end”. It is estimated that the cost of this undertaking was approximately \$40,000.

The water system was improved and expanded in 1871 with the development of the Borough’s first utility enterprise, the Birkinbine Reservoir which consisted of a 300,000 brick reservoir near the intersection of Reservoir and Franklin Streets (Reservoir Hill). A steam engine powered pumping station along the Conococheague Creek lifted the water from the creek into the reservoir. Over six miles of cast iron pipe was installed to transport the water to the reservoir and then distribute it to the North Main Street area as well as to the center of town. From these mains, smaller pipes distributed water to the populace. The water was taken from the creek with little regard to the fact that raw sewerage was being piped into the creek about a mile above the pumping station.

In January of 1891, the C. B. Gish flour mill at what is now called “Siloam” was purchased. It consisted of a mill dam and the impounding area above it. An additional land purchase gave rise to the possibility of a 2 million gallon reservoir. Initially, it was expected that the mill’s wheel would force water to the new reservoir known as Horst Reservoir. The experiment was less than successful and steam driven pumps were implemented. In 1905, a Worthington steam driven pump was successfully installed with the plant producing about 1.5 million gallons per day in 1907. Unfortunately, the water from the Conococheague Creek flowed through miles of pastures and fields making it a less than an agreeable source of water. In 2005, the Siloam Dam was breached and the stream’s banks restored.

In 1909, the Burgess, Mr. A.W. Zacharias, prompted the locals to work on the “water situation of the Borough”. By 1910, Town Council decided to look to the east of the Borough and develop the town’s main water source, the Conococheague Creek, in the valley above Caledonia Park east of town in the South Mountain. This system would eventually provide the Borough with pure water from a gravity fed water system eliminating the costs of pumping water. To obtain the State Department of Health’s approval, the Borough agreed to install the first sanitary sewer system along with a sewerage treatment plant. The Borough issued a \$150,000 bond package in 1910 to construct the stream intake facilities, a 2 million gallon reservoir east of town and a fourteen inch pipeline into town terminating at South Sixth Street.

The first water from the new source arrived on July 3, 1911 and was of sufficient purity that no chemical treatment was necessary for many years. Water hardness was measured at four parts per million, as contrasted with sixteen units per million from the same stream collected at the Siloam Dam. The elevation at the center of Chambersburg was about 975 feet below that of the intake dam providing water pressure of fifty to eighty pounds per square inch throughout the town. In later years, chlorine was utilized to treat

the water for microorganisms and fluoride compounds were added to help protect the residents' teeth. In the early 1930's, a reinforced concrete dam was constructed across the Birch Run creating a storage capacity of 3.9 million gallons.

In the late 1960's, the Borough decided to enlarge its water storage reserve and improve other facilities. A new dam called the Long Pine Run Dam was constructed upstream from the Birch Run Dam creating a lake with a surface of 150 acres and storing 1.8 billion gallons of water. Additionally, a new water treatment plant with a daily flow capacity of six million gallons was constructed. Also, a three million gallon "ground based steel water storage tank" was built at the former Birkenbine open reservoir site on Reservoir Hill. In 1967 and 1969, bond issues were floated for a total of \$8,325,000 to cover the \$7,41,850 cost of these projects. Up until that time, this was the largest utility project ever initiated by the Borough of Chambersburg. Since that time the Borough has initiated many projects that have enhanced the quality of service to the customers of the Borough's water department.

Currently, the Borough water department serves: Domestic: 8,290; Commercial: 887; Industrial: 21; Municipal: 1; for a total of 9,199.

While providing high quality water to its diverse customer base, the Borough's water department has consistently kept its rates (cost per unit) at one of the lowest levels in the region.

### **Water Department Services**

- Water supply, treatment, transmission, and distribution.
  - Treated 1.257 billion gallons of water in 2012.
- Operation and maintenance of the water production and distribution facilities.
  - 22 water maintenance excavations in 2012.
  - 5 water main breaks repaired in 2012. The national average – 33 breaks.
  - 14.4% unaccounted water lost in the system in 2012.
- Operation of the water treatment plant laboratory.
  - Perform regulatory and control testing for the WTP and distribution system.
  - Perform testing for area water authorities.
- Water supply for fire protection.
  - Replaced 2 fire hydrants in 2012.
- Plumbing inspection and meter replacements.
  - In 2013, we transitioned from doing in-house plumbing inspection to utilizing Commonwealth Code Inspection Services. However, we added other types of in-house inspection services such as sewer system inspections.
  - Performed 100 inspections in 2012.
  - Replaced 41 water meters in 2012.



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## *Water Department*

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The Chambersburg Water Department provides high quality drinking water, fire protection flow, and public sewer service for Borough customers, including the Bear Valley Authority, through cost effective operation and maintenance of our infrastructure while meeting the ever-changing challenges of continual growth and environmental protection.

Department Head: Lance Anderson, PE

	2012 Actual	2013 Budget	2014 Budget
Revenue	\$3,096,801	\$3,239,700	\$5,393,365
Expenses	\$2,692,580	\$3,239,646	\$5,393,365
Excess (Deficit)	\$ 404,221 Surplus	Balanced	Balanced*

\*- In 2013, the Chambersburg Water Department is planning on retiring \$2.3 million in debt early by using accumulated cash resources; thereby, increasing the operating budget of the department for a one-year period as the PennVEST loan is retired. This transaction is balanced and advisable seeing that cash resources are not currently earning any investment return and the loan is therefore unneeded.

The Chambersburg Water Department is in a strong operating position. Chambersburg has not raised their retail water rates since 2001 (thirteen years). The average water bill remains one of the lowest in Franklin County and the fiscal condition of the fund is stable. In 2013, the Water Department has reserves of over \$7,100,000 in capital funds for future capital projects. In 2014, no additional reservation is required the reserves will drop due to the PennVEST payoff.

Our system supplied, treated, transmitted, and distributed 1.257 billion gallons of water in 2012. The system is mostly exempt from Pennsylvania Public Utilities Commission regulations (except our Guilford Township customers) and staff is working on a number of cooperative initiatives with the Guilford Water Authority to improve that situation.

There are a number of pressing issues facing the water system. Specifically, the Julio D. Lecuona Water Treatment Plant is occasionally plagued by shut-downs due to turbidity and color issues with the raw water coming into the plant. This so-called Iced Tea issue still needs to be addressed. However, in 2013 the Borough switched consulting engineers and our new team has reviewed the entire water system and improved the overall operation of the Water Treatment Plant. Second, the Borough has begun significant maintenance upgrades at the Long Pine Reservoir, the Raw Water Intake, and throughout the distribution system. This process will continue into 2014 with the replacement of the sand filter media at the Water Treatment Plant.

**Major items for 2014:**

- Staff is recommending no water retail rate change, no increase again in 2014.
- The proposed budget includes \$3,140,500 in capital improvements to the Water Department infrastructure; including:
  - 4 Leopold Sand Filters  
Original filter media from 1969; topped off in 2002  
Filter project scope: New media, Wall coatings, Under-drains replaced, & Piping for air-scour
  - Filter wall repair/internal waterproof coatings
  - Static mixer to promote rapid mixing of chemicals
  - 2014 needs analysis by an architectural firm of the Water Department's Queen Street properties
  - Intake Facility Repairs
- The proposed budget includes the same number of employees; no additional employees. However, in 2013 the Borough finally hired an Assistant to the Water/Sewer Superintendent

***Largest Customers (in units sold)***

	Units Used	Cost	Daily Avg. (gallons)
<b>Bear Valley Authority</b>	3,897,861	\$ 697,284.90	798,795
<b>Ventura Foods</b>	625,500	\$ 66,588.88	128,185
<b>Chambersburg Hospital</b>	457,762	\$ 58,403.72	93,810
<b>Edge Rubber</b>	439,050	\$ 41,632.37	89,975
<b>Knouse Foods</b>	279,742	\$ 29,394.74	57,328
<b>Menno Haven</b>	177,080	\$ 23,154.24	36,289
<b>Menno Haven (Penn Hall)</b>	148,000	\$ 32,461.20	30,330
<b>Manor Care</b>	85,720	\$ 9,845.40	17,567
<b>Wilson College</b>	77,859	\$ 17,415.39	15,956
<b>Chambersburg HS</b>	55,330	\$ 12,460.50	11,339
<b>Four Points Sheraton</b>	42,500	\$ 6,104.49	8,710

***Payment In Lieu Of Gross Receipts Taxes (PILOT)***

In years past, the Borough Water Department made a tax-like contribution to the General Government operations of the Borough. However, in 2013, the State passed an amendment to the Sewer Rental Act to prohibit the direct transfer of funds from a Water System to the General Fund. So, the \$72,000 per year transfer ends in 2013.

	2012 Actual	2013 Actual	2014 Budget
PILOT	\$72,000	\$72,000	\$0

11/4/2013

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# Sewer Department Budget

*As Proposed for 2014 by Jeffrey Stonehill, Borough Manager*

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The Borough of Chambersburg



# Sewer Department Budget

*As Proposed for 2014*

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When the Borough of Chambersburg decided in 1910-1911 to obtain its water supply for the State Forest at Caledonia, it was necessary to obtain a permit from the Pennsylvania State Health Department, and when the State Health Department issued this permit, it granted to Chambersburg the right to the water of Birch Run, but it also provided that, for this right, the Borough of Chambersburg was to install a Sanitary Sewerage System with a proper Disposal Plant of a capacity sufficient to take care of the town for twenty years to come.

The same Bond Issue, providing funds for the construction of the water supply line between Caledonia and Chambersburg, provided also for sufficient bonds in the amount of \$65,000 to put in a Sanitary Sewerage System in Chambersburg (Note: The Treasurer's office is the proud possessor of bond number 25, in the amount of \$500, an "Improvement Bond of 1910" Series A which carried a 4 ½% interest rate. This note matured in 1915. The current Borough's logo is adapted from a depiction of City Hall found on that bond.). This system was constructed and put into service August 1, 1912, and portions of this initial system are still in service today.

From the time of the initial construction, continuous improvements have been made with major improvements being made in 1939, 1959, 1978, and 1997 to the treatment facility. Following is a list of major facility milestones:

- 1938 Upgrade: Upgrades were completed in October 1939 at a cost of \$217,715.41 (45% was funded through a grant). Plant capacity was rated at 2 mgd.
- 1948: A WWTP laboratory was established and the plant processes have been monitored for efficient operation ever since. The current laboratory facility is accredited by the PA DEP.
- 1957 Upgrade: Upgrades were completed in 1959 at a cost of \$990,330.13.
- 1978 Upgrade: The J. Hase Mowrey Regional Wastewater Treatment Facility was dedicated on November 16, 1980. The facility was upgraded to a capacity of 5.2 mgd at a cost of \$9.045M (75% was funded through a grant)
- 1997 Upgrade: Upgrades were completed in July 1999 at a cost of \$18.5M. Plant capacity was rated at 6.8 mgd with a maximum capacity of 17.0 mgd.
- 2013-2015 Upgrade: project is underway.

Additionally, the WWTP has evolved into a regional facility providing sewage treatment for our Municipal partners in Greene, Guilford, and Hamilton Townships. Hamilton Township initially provided connections in 1972. Through an expansion of the conveyance system in the 1970's, the remaining townships ultimately connected to the system in 1980.

## **The Current Sanitary Sewer System**

- 85 miles of pipe length
- 2,246 manholes
- 4 interceptors (Falling Spring, Conococheague East, Conococheague West, and South End)

- 4 Borough owned and maintained sewer meter stations (7 township owned and maintained)
- Live internet data of all sewer flows
- 4 Borough pump stations (Pennsylvania Ave. SPS, Hollywell Ave. SPS, Chambers 5 SPS, Progress Village SPS)

### **J. Hase Mowrey Regional Wastewater Treatment Facility**



### **2012 – 2014 Treatment Plant Upgrades**

#### ***The Largest Public Works Project in the History of the Borough of Chambersburg***

Chambersburg's 6.8 mgd, J. Hase Mowrey Regional Wastewater Treatment Plant serves Chambersburg, Greene Township, Guilford Township, Hamilton Township and indirectly part of Letterkenny Township. In addition to the Commonwealth's 2008 Chesapeake Bay Tributary Strategy, which forced a cap on the amount of nitrogen and phosphorus discharged from the facility, Chambersburg is also facing the demand of building additional capacity (a 60% increase) to meet projected twenty-year build out in the service region, as required by DEP's Act 537 Plan Study. These two mandates initially resulted in proposed facility renovations with an estimated price tag of up to \$50 million.

The existing treatment facilities at the Chambersburg WWTP are not able to meet the pending nutrient discharge limits. Therefore, upgrades to the WWTP will be required to meet the nitrogen and phosphorus caps. In addition to meeting these caps, an expansion from 6.8 mgd to 11.28 mgd is needed to accommodate the anticipated growth within the service area. The facilities must be able to convey a total influent peak flow of 33.5 mgd based upon analysis of the Borough's collection and conveyance system. The extensive scope includes upgrades to all facets of the treatment process with an emphasis on being cost effective, energy efficient, and environmentally sensitive. Key project components include:

- A new headworks and influent pump station will replace the existing deficient facilities. The new facility is sized for 33.5 mgd of influent flow, and all internal conveyance infrastructures must be capable of passing flows that are associated with this peak as well.
- An improved biological treatment process will provide nutrient (nitrogen and phosphorus) removal in order to meet discharge limits that have been established by the PA DEP. Compliance with these limits is required beginning in October, 2012 for the 2012-2013 operating year. In

order to meet these requirements, the Borough will need to consider the purchase of nutrient credits from the PennVEST credit market, on an interim basis.

- A new biosolids treatment process resulting in an improved final product quality which can be utilized for beneficial reuse in land application. Land application of biosolids has become one of the most cost-efficient biosolids management strategies available to treatment facilities.
- An expanded UV disinfection system will be sized to meet a peak flow 33.5 mgd. The new UV system was installed in Spring 2012.

The WWTP upgrades are estimated to cost \$35M and will be constructed between 2012 and 2014. This will make the project the largest public works project in Chambersburg's history. Initially, prior to design projected costs were estimated to be \$50 million with a reduced scope of construction. Costs are shared with the Municipal partners as defined in the Intermunicipal Agreement which was executed on September 13, 2010. Construction began on schedule in 2012 and will proceed throughout 2013.

Chambersburg's J. Hase Mowrey Regional Wastewater Treatment Plant has been a symbol of intermunicipal cooperation for 40 years. The current upgrades will allow the facility to support the Chambersburg area for decades to come.

#### **Sewer Department Services**

- Regional wastewater conveyance and treatment.
  - Treated 2,400,000,000 gallons of sewage in 2012.
  - Average daily wastewater treatment plant flow: 6.56 MGD.
  - 2% decrease from 2011.
- Sewer customers
  - Residential 8,142
  - Commercial 839
  - Industrial 21
  - Municipal 3
- Operation and maintenance of the collection and treatment facilities.
  - 181 wastewater maintenance repairs in 2012.
  - 58 wastewater maintenance repairs through June 2013.
  - 8 manholes repaired/replaced through June 2013.
- Operation of the sewer treatment plant laboratory.
  - Perform regulatory and control testing for the WWTP.
- Sewer Inspections
  - Performed 100 inspections in 2012; 45 inspections in 2013 to date.

#### **New Project: Chambers-5 Pump Station / Force Main \$750,000**

- Proposed 2014 project (pending receipt of PennWorks Grant)
- Applied for a PennWorks Grant to pay for a portion of the upgrades.
- PennWorks Grant awards are currently scheduled for November 2013.
- Upgrades required to support new industries (with higher sewer use) in the Chambers-5 Business Park.

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## *Sewer Department*

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The Chambersburg Sewer Department is committed to its fundamental objective of providing the highest quality municipal wastewater service for its residential, commercial and industrial users at a reasonable price; and to meet that objective, the Sewer Department will adhere to the following principles:

- Providing effective collection and treatment of wastewater which complies with all state and federal regulations
- Working with the regional community to plan for future capacity to ensure the long-term success, public health and environmental quality of the area
- Providing prompt and effective customer service
- Staffing the organization with qualified professionals
- Striving for excellence with each employee participating as a team member to continually improve the performance of the organization

Department Head: Lance Anderson, PE

	2012 Actual	2013 Budget	2014 Budget
Revenue	\$5,043,510	\$5,591,700	\$5,814,800
Expenses	\$4,415,997	\$5,591,695	\$5,222,835
Excess (Deficit)	\$627,513 Surplus	Balanced	\$591,965 Surplus

In 2013, the Chambersburg Sewer Department is proposing to maintain a path of strong operating margins. Having raised rates in 2009, 2010, and 2012, the average sewer bill remains one of the lowest in Franklin County and the fiscal condition of the fund is stable. As of 2013, the cash balance of the Sewer Operating Fund has been restored and the Borough is equipped for our capital obligations going forward.

### **As of now, no additional rate increase is contemplated.**

The cause of the December 2012 rate increase of 16% was the capital expenses related to the sewer treatment plant upgrade project. The 2011 Second Consent Order and Agreement with PA DEP has now been fully satisfied and we anticipate it being lifted shortly. However, the Borough has permanently accepted the challenge to investigate and determine sources of inflow (rainwater) and infiltration (groundwater) entering into the sewer system.

**To that end, continuing in 2014, the Borough will actively investigate and where needed, remediate potential municipal cross connections between the sewer system and the storm drain system with \$70,000 per year reserved for such work.**

In 2013, the Borough's J. Hase Mowrey Regional Wastewater Treatment Facility project was bid out for construction. Sealed Bids were received by the Borough on Tuesday, May 14, 2013, at which time they

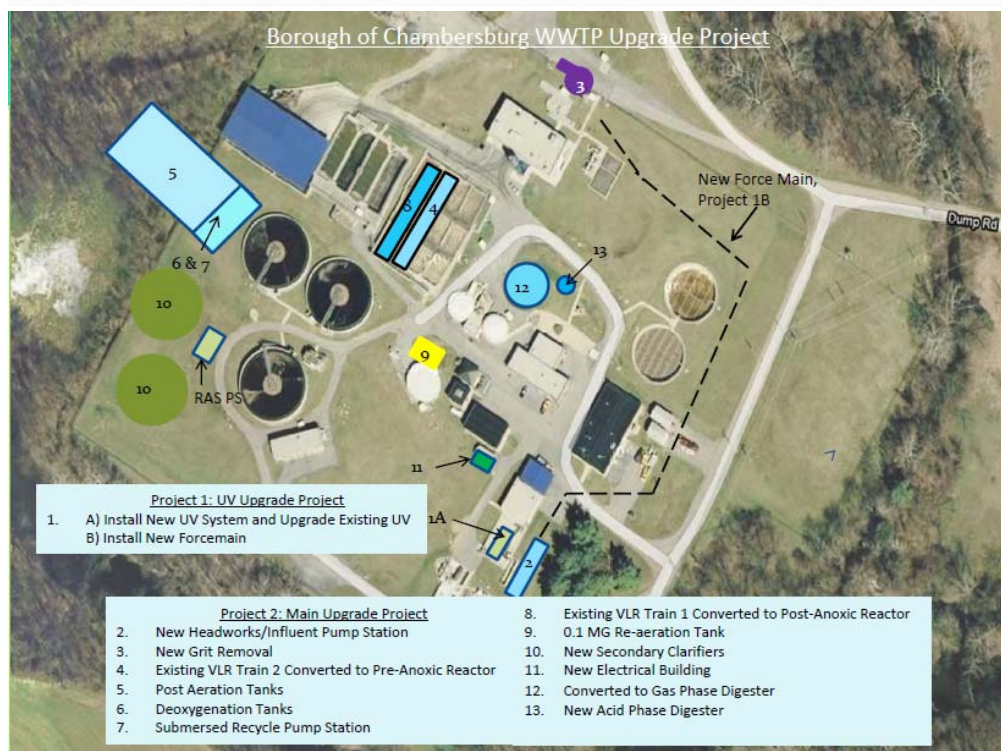


were publically opened and read. There were nine (9) bid submissions. Michael F. Ronca & Sons, Inc. ("Ronca") of Bethlehem, Pennsylvania was the low bidder at \$ 30,761,000.

## WWTP Project Cost Estimates

	12/23/2011	As of 6/10/2013
UV Project (complete)	\$990,000	\$1,003,000
Force Main Project (complete)	\$400,000	\$435,000
VFD Project (complete)	(Main Project)	\$68,000
Headworks/Influent Pump Station	\$8,500,000	\$30,761,000
Main Project (Process Upgrades)	\$20,500,000	
Technical/Administrative Expenses	\$6,110,000	\$6,110,000*
Associated H2O Grants	(\$2,000,000)	(\$2,000,000)
Total	\$34,500,000	\$36,377,000

\*Engineering costs include design, construction management, and construction inspection services under current contracts with AECOM and ARRO.



It is anticipated that the capacity of the facility will expand from 6.8 million gallons per day to 11.28 million gallons per day and a process upgrade will be added for nitrogen and phosphorus removal to meet Chesapeake Bay rules.

## Summary of Overall Cost Reduction

Items	Previous (Prior to 2010)	Today	Change in Cost	Cost Reduction Percent
WWTP Expansion	\$39,144,800	\$36,377,000	\$16,316,488	31.0%
CPI Adjustment (2% a year for 3 years)	\$2,348,688			
New Headworks	\$10,000,000			
UV System Upgrade	\$1,200,000			
Nutrient Credits	* \$2,724,000	\$336,150	\$2,387,850	87.7%
Interceptors	\$27,507,600	\$1,975,000	\$25,532,600	92.8%
<b>TOTAL</b>	<b>\$82,925,088</b>	<b>\$38,688,150</b>	<b>\$44,236,938</b>	<b>53.4%</b>

Note: All above based upon estimated costs

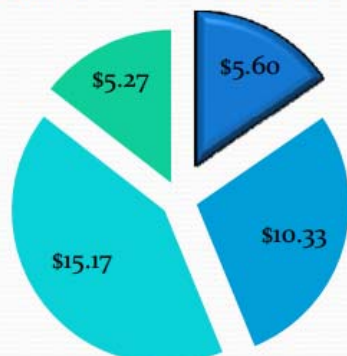
\* At \$5 per Nitrogen credit and \$9 per Phosphorus credit for 3 years

## Wastewater Treatment Plant Project

- \$36,377,000 capital cost estimate; \$5,600,00 Borough share
- Reduction from \$50 - \$55 million estimate prior to 2010.
- Financed through a portion of an \$8 million line of credit with F&M Trust.

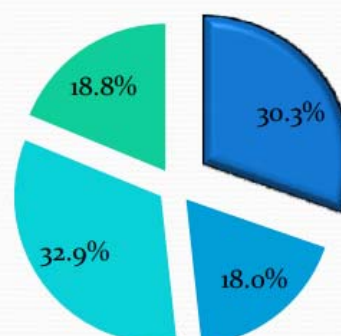
**Construction Costs**  
(In Millions of \$)

■ Chambersburg ■ Hamilton  
■ Greene ■ Guilford



**Approximate O&M Costs**

■ Chambersburg ■ Hamilton  
■ Greene ■ Guilford



### **2012 – 2014 Treatment Plant Upgrades – Local Impact**

- Project superintendent and pipe foreman both reside within 15 miles of the WWTP.
- Ronca workforce will primarily be from Franklin, Adams, and Cumberland Counties.
- Approximately 17,700 tons of aggregates will be supplied locally for an approximate value of \$195,000.
- Approximately 10,800 cubic yards of concrete will be supplied locally for an approximate value of \$1.3 million.
- Land clearing will be performed by a local contractor at an approximate value of \$13,500.
- E&S controls to be performed by a local contractor at an approximate value of \$35,000.
- Off road diesel fuel will be purchased locally throughout the project.

### **Major items for 2014:**

- Staff is recommending no sewer rental rate change, no increase in 2014.
- The proposed budget includes \$8,630,000 in capital improvements to the Sewer Department infrastructure; including:
  - \$5.7 million for our share and the Township share of the treatment plant project
  - \$2.3 million for our share and the Township share of interceptor improvements
  - \$600,000 for the new Chambers-5 Pump Station project
  - \$30,000 in other system improvements
- The proposed budget includes the same number of employees; no additional employees.

11/4/2013

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# Other Enterprise Department Budgets

*As Proposed for 2014 by Jeffrey Stonehill, Borough Manager*

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The Borough of Chambersburg



# Other Enterprise Department Budgets

*As Proposed for 2014*

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## *Sanitation Department*

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The Sanitation Department pursues a commitment to provide a safe, efficient, and effective municipal solid waste collection and disposal system that protects the natural environment, citizens of Chambersburg and businesses. We also strive to preserve the quality of life of our citizens and their environs today and in the future.

### Our Goals:

- To safely and efficiently collect residential solid waste and dispose of it at the landfill
- To safely and efficiently collect residential recyclable materials for processing and reuse
- To provide general cleanliness to the Chambersburg community

Department Head: David Finch

	2012 Actual	2013 Budget	2014 Budget
Revenue	\$2,036,483	\$2,599,400	\$2,718,400
Expenses	\$2,191,656	\$2,362,240	\$2,592,335
Excess (Deficit)	(\$155,173) Deficit	237,160 Surplus	\$ 126,065 Surplus

The Sanitation Department has 7,259 residential customers and 648 commercial customers.

In 2013, Council approved a 22% increase in the trash fee, the first such increase in trash rates in the Borough since 2005. Currently, the residential rate is \$14 per month or \$168 per year. For illustration purposes, IESI charges \$336 per year to collect residential trash outside the Borough. As of 2013, the cash balance of the Sanitation Fund has been restored and the Borough is equipped for our obligations going forward. Therefore, the 2014 budget is healthy, given that this rate increase should last some time.

**As of now, no additional rate increase is contemplated.**

No additional equipment or vehicle purchases are currently contemplated for 2014.

No additional employees are requested for 2014 (unless needed for the Yard Waste Program, which is unknown at this point).

### *Recycling Program*

In 2013, we began to offer our residents the ability to drop off plastic bottles for recycling. This was originally located at the Borough Garage, but an alternative site was selected at the Borough parking lot at Queen Street and Cedar Street. Unfortunately, our concerns, such as increased contamination by residents using it for non-recyclable trash, came to pass. We have found a significant increase in contamination; however, it has proven to be manageable. For now, this pilot program will continue.

With respect to our second recycling initiative, in 2010, Governor Ed Rendell signed into law the Pennsylvania Covered Device Recycling Act, which mandated that, as of January 2013, computer devices and televisions could no longer be put into Pennsylvania's landfills but must be recycled. In an attempt to give our residents an option to legally dispose of these devices, Chambersburg contracted with e-Loop LLC, an electronic recycling firm, to take these items after they were collected during bulky items.

Instead of the Borough paying to have these items removed from the solid waste trash stream, we elected to receive a small amount, 3 cents per pound for this service. Having collected 48,800 pounds of material, we were paid \$1,464. Our original plan was to do this four times a year, but since many other communities were doing what Chambersburg did, the e-waste contractors found themselves swamped; a victim of their and our own success. So in 2014, we are planning to have no more than two electronic waste drop-off days.

In 2013, the Borough's new Leaf Vacuum Truck arrived and it is now operating.



This one vehicle can supposedly do the job of six. It can operate as a dump truck in off season and it cost \$243,000, with an awarded DEP Grant for \$133,000.

### *Yard Waste Program*

In 2013, the Borough of Chambersburg's Borough Farm was inspected and issued notice of potential violations for the unregulated disposal of yard waste. The Commonwealth requires that the Borough design a new and improved system for the recycling of green yard waste and wood, in accord with State and Federal laws. As of the release of this budget, all we know is that changes are coming for 2014 for this important program.

Unfortunately, the current Yard Waste program is not acceptable to the Department of Environmental Protection. A new program, which includes tough regulations on what yard waste we accept, and how we mulch and chip and store it, is required by law. Chambersburg Town Council is working on a plan including policy recommendations to present to the Department of Environmental Protection by December 2013.

The current program allows Borough residents who pay their monthly trash bill, unlimited drop off at the Borough Farm. Also, registered landscapers get unlimited drop off with a low quarterly permit. Our citizens have enjoyed this excellent benefit for decades but unfortunately, additional staff, equipment, and facilities will be required to maintain a program going forward; expenses which are not currently covered by any taxes or fees.

**The 2014 proposed budget includes funds for the development of a new Yard Waste program.** This program includes balanced expenses and proposed fees to have no net effect on the budget.

### *Bulky Waste Drop Off*

The Borough's annual bulky waste program worked well again in 2013. **There are no changes contemplated to the very successful annual bulky waste drop off days for 2014.**

#### **The following are bulky items:**

Air Conditioners	Dishwashers	Mattresses	Stools
Baby Cribs	Draperies Rods	Metal Chairs	Strollers
Baby Playpens	Dressers	Microwaves	T.V.
Bathtubs	Drums	Ottomans	Tables
Beds	Dryers	Picnic Tables	Toys (large plastic)
Bicycles-Tricycles	Freezers	Refrigerators	Trash Cans
Bookcases	Furnaces	Screens	V.C.R.
Box Springs	Heaters	Sheds (metal)	Vacuum Cleaners
Carpet	High Chairs	Sinks	Washers
Chairs	Ladders	Speakers	Water Heaters
Commodies	Lamps	Spouting	Wheelbarrows
Computers	Landscape Logs	Stands (wire, wood, plastic)	Wooden Chairs
Couches	Lawn Mowers/Sweepers	Stereos	
Desks		Stoves	

#### **The following are not bulky items:**

Building materials, cardboard boxes, tires, batteries, paint, and loose materials (items that can be broken down to fit in a garbage container or those that fit in a garbage container).

### *The Pool Nature of Sanitation Services*

As a pool, the Sanitation Department is less than perfect. Currently, there are two categories of users that the Borough does not serve: roll off construction dumpsters and compactor dumpsters for large retailers. It is proposed that by 2015 the Borough consider adding these services by contracting with an outside vendor to provide this service on the Borough's behalf. Such a move would require a Request for Proposals to select a contractor, a change to our local law, and a timeline to migrate existing customers away from other contractors that they might be using for this service. By pooling and controlling these functions, just as we do with other trash and recycling, the Borough can ensure consistency, lower rates, and revenue.

**Major items for 2014:**

- Staff is recommending no trash retail rate
- No changes to the recycling program
- No changes to the residential and dumpster collection programs
- No changes to the Bulky Waste Drop Off program at the Borough Farm
- No changes to the very successful new street cleaning program
- No changes for leaf collection including the new Leaf Vacuum Truck
- The proposed budget includes the development of a new Yard Waste program in capital improvements fund of the Sanitation Department
  - The proposed budget includes the provision to borrow funds for this project
- The proposed budget includes the same number of employees; no additional employees.



The new security gate installed at the Borough Farm

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## *Parking, Traffic and Street Lights*

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Created in 2012, this Department includes: Downtown Parking, Street Lights, Traffic Signals and Parking & Traffic. An inter-departmental agency, the mission of this department is Public Safety through the proper management of vehicular infrastructure and regulation under the advice and direction of the Borough's Parking, Traffic and Street Lights Committee. Services include:

- Downtown parking meters and parking lots
- Traffic control devices, traffic signals, and speed control devices
- Street lights, illumination, and public lighting

As an inter-departmental agency, the Borough Manager supervises these functions. He is assisted by the Electric Department, the Engineering Department, the Parking & Customer Service Office of the Administrative Services Department, and the Police Department.

Department Head: Jeffrey Stonehill

	2012 Actual	2013 Budget	2014 Budget
Revenue	\$808,790	\$1,057,850	\$1,054,650
Expenses	\$641,818	\$1,057,383	\$ 971,220
Excess (Deficit)	\$166,972 Surplus	Balanced	\$83,430 Surplus

Parking, Traffic and Street Lights is a separate enterprise fund of the Borough; run like a utility with most proceeds supplied by the Electric Department and parking fees. There are no actual employees; however, the fund pays the payroll of employees by the hour working on projects. The fund owns the street lights, traffic signals, parking meters, and electronic traffic control devices. It is managed directly by the Borough Manager and the PTSL Committee provides advice and guidance.

Unfortunately, there is no dedicated funding stream (source of money) to pay for the upkeep and maintenance of dozens of traffic signals inside the Borough. The fund also maintains many of the township traffic signals but those costs are invoiced to the townships. Unfortunately, traffic signals, even on Borough owned streets, require a permit of the Pennsylvania Department of Transportation to operate. Therefore, upgrades and changes often require hiring of a professional traffic engineer and always permission of PennDOT (permit for each signal) and a great expense. For example, one change (i.e. adjusting timing) can cost tens of thousands of dollars to accomplish. In 2013, staff recommended a technical change to traffic signals so that we will replace wire loop indicators with cameras whenever upgrading a signal. The cameras, which tell the signal when to change, are superior to the old wire loops.

**In 2013, the Borough metered parking revenue was seriously down due to street construction.** We anticipate revenue will be better in 2014 but worse in 2015 when PennDOT paves the downtown and Memorial Square.

#### *2014 Projects – Traffic Signals*

- Add dedicated left turn arrows and cameras to:
  - Norland and Parkwood
  - Norland and St Paul
  - Orchard and Wayne
- Install upgraded signal at Norland and Walker
- Relocate pedestrian crossing behind Sheraton
- Install three (3) additional speed signs
  - Parkwood Drive
  - Park Avenue
  - McKinley Street

#### *Downtown Parking*

Staff is recommending no changes to parking meters, number of parking lots or parking meter rates. In 2011, Council set meters at 25¢ only. Although parking revenues impacted by downtown construction, the spaces, meters, and fines generate about enough revenue in one year (estimated to be \$143,000 in 2014) to usually cover their expenses; unless there is a lot of snow. The Borough uses contractors to clear snow from downtown parking lots.

In the long term, downtown businesses are not required to provide off street parking (unlike other neighborhoods) and as businesses come and go, this puts strain on parking system – not a good system. This system may cause serious challenges if Franklin County builds a new County Courthouse downtown; which is the site preferred by Town Council.

#### *Downtown Parking Sign Project (2014)*

In 2011, the Franklin County Administrator requested “Shared Cost” improved signage for interior parking lots that serve County visitors (Court Day, Admin. Offices, etc.). The PTSL Fund contracted with Traffic Planning and Design, Inc. (TPD) to develop and submit a “Signing District Application” for a Wayfinding Sign Project IAW based upon PennDOT Tourist Oriented Directional Signs (TODS) guidelines, at a service contract cost of \$5,000, plus incidental expenses. Expenditure To Date: \$7,471.59; one additional (Final) invoice expected for total cost of \$8,500.

Our concept is to utilize the four (4) 1989 era “decorative sign poles” currently in Downtown District at parking lots close to the Courthouse, and purchase 12 additional sign poles of similar design for remaining downtown parking lot entrances; total of 16. We would then install one standard pedestrian-oriented, double sided directional sign within each of seven (7) Borough parking lots, pointing visitors to County facilities.

We anticipate Franklin County will pay for up to half of this proposed project.

Our consulting engineer estimates the project will cost \$60,000 to \$100,000. Our 2014 proposed budget makes our share available for this project.

**Major items for 2014:**

- Staff is recommending no parking rate change, no increase again in 2014.
- No additional parking lots
- The Chambersburg Square Shopping Center on Gateway Avenue will be constructing and donating a new traffic signal in 2014
- The proposed budget includes \$146,000 in capital improvements to the Parking, Traffic and Street Lights Department infrastructure; including

2014 Projects	Estimated Cost
Traffic Signal Upgrade Norland Ave./Walker Rd. (PennDOT Grant)	\$50,000
Traffic Signal Upgrade Norland Ave./Parkwood Dr.	\$25,000
Traffic Signal Upgrade Norland Ave./St. Paul Dr.	\$25,000
Traffic Signal Upgrade Wayne Ave./Orchard Dr.	\$25,000
Install Radar Speed Indicators Parkwood Dr./Park Ave./McKinley St.	\$21,000
Total	\$146,000

- The proposed budget includes no employees; employees work for other departments and bill their time to this fund as needed.

11/4/2013



# Internal Service Funds

*As Proposed for 2014 by Jeffrey Stonehill, Borough Manager*



The Borough of Chambersburg



# Internal Service Funds

*As Proposed for 2014*

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When governments wish to allocate the cost of providing certain centralized services (e.g., motor pools, data processing, warehouses) to the other departments of the government entity that uses the services, they utilize a charge back system called Internal Service Fund accounting. Chambersburg does this for many of our operations in order to better account for utility operations.

An internal service fund is the appropriate accounting mechanism when it is the intent of the government to recover the full cost of providing the service through user charges to other departments. We call this “cost based accounting.”

The Borough of Chambersburg’s six internal service funds are used by management to charge the costs of certain activities, such as insurance, motor equipment, engineering, and others, to individual funds. A portion of these assets and liabilities of the internal service funds are included in the governmental activities and are allocated based on the usage of those funds by the governmental funds.

The Borough's internal service funds consist of:

- Stores Fund – The Stores/Warehouse Department is responsible for the purchase, storage, and disbursal of inventory which is used to support the construction and maintenance functions of the Borough utilities as well as our Customer Service Center.
- Administrative Services Fund – Administrative Services was synonymous with the Finance Department, which is responsible for the complete financial, utility meter reading, and parking meter operations as well as the operation and maintenance of City Hall. In 2012, the Borough expanded these services to include: the clerical pool of employees, Information Technology, and Personnel/Payroll.
- Motor Equipment Fund – This fund supports the activities of the Motor Equipment Department which manages a rolling stock of more than 120 vehicles and our garage operations.
- Self-insurance Fund – This fund is used for the purpose of funding risk which the Borough does not transfer to commercial insurance carriers or insurance pools.
- Engineering Fund – This fund supports the activities of the Engineering Department, which is responsible for furnishing civil engineering, surveying, drafting, and utility location information to other departments. The department also designs and inspects public works projects.
- Worker’s Compensation – This fund underwrites the risks to the Borough resulting from job-related injury or illness to its employees.

For the purposes of this narrative, this Chapter will focus only upon the Stores/Warehouse Department, the Administrative Services Department, the Motor Equipment Department, and the Engineering Department. The balances of these funds are covered in statistical format only.

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## *Stores/Warehouse Department*

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The Stores/Warehouse Department provides the public with exceptional customer service for both emergency and routine calls through the Customer Service Center, as well as provides each utility operation with an efficient and effective purchasing and warehousing system.

Department Head: John Leary

	2012 Actual	2013 Budget	2014 Budget
Revenue	\$712,539	\$779,950	\$824,500
Expenses	\$792,799	\$688,402	\$794,865
Excess (Deficit)	(\$80,260) Deficit*	\$ 91,548 Surplus	\$ 29,635 Surplus

The Chambersburg Stores/Warehouse Department has significant equity invested in its large utility parts inventory. The purchase of supplies and the distribution to the various utilities drives the fiscal performance of the department. In general, it is just a pass-through operation, consolidating purchasing for the utilities and covering its expenses.

\* - The deficit from 2012 was balanced by a transaction in early 2013 as the fund is sometimes balanced by transactions in multiple fiscal years

- Warehouses items needed for Borough utility emergencies and normal operations - over \$1.3 million inventory
- In 2013, will have purchased approximately \$550,000 of material
- Financially sound per item mark-up expected to remain constant for 2014 (no increase past 12+ years)
- 2013 expenses trending lower than 2012 – costs moderate for 2014
- Culling of inventory of warehouse items currently \$1.3 million, down \$200k from a year ago
- Eliminating excess inventory levels decreases waste due to items becoming obsolete, damaged or corroded prior to use
- Reducing inventory value frees up capital for better use
- Replaced PT grounds person with PT warehouse person – improves capability of department

The Chambersburg Stores/Warehouse Department is also the home of the Borough's 24/7 Call Center, the Customer Service Center. The Borough's utility operations require live 24/7 customer service for both safety and Federal Pipeline Safety law.

- Provides 24 hour customer support and emergency dispatch for utilities
- Processed 4,555 service orders in 2012
- Implemented enhanced customer service training
- Host surveillance video monitor and recorder for Fort Chambers Park
- Operate electronic gate at Borough Farm

It is our goal to continue to enhance and maximize use of this valuable department. We would like to see the Customer Service Center provide services for other municipal organizations. We would like to see more collaborative purchasing programs. We also believe that our Customer Service Center is akin to a front door to our Borough operations, and the more services we can provide, the better the communications, the more inviting that front door becomes.

The Warehouse provides assistance and leadership for all Borough departments in order to procure various assets, goods and services in a timely and efficient manner. Their goal is to obtain the best value for the Borough while ensuring compliance to policies, laws and regulations.

The Stores Department is responsible for:

- Purchasing off COSTARS State Contracts
- Advertising of specifications
- Management of inventory
- Central stores warehouse operations

The Borough operates under a hybrid centralized/decentralized procurement model. The Stores Department centralizes the policy and procedures for the Borough and assists departments, to varying degrees, administering the various competitive bid processes.

### *Inventory of Materials*

The Stores Department seeks to maximize the value from equipment, supplies and goods by means of inventory control and analysis.

### *Warehouse*

The Stores Department operates the Borough's Warehouse operation. This Department stocks commonly used goods and materials including critical use items at our warehouse facility on Franklin Street. This includes shipping, receiving and support services on our full receiving dock that allows delivery of all Borough owned equipment, supplies and goods, including heavy utility supplies (i.e. wire, poles, etc.).

### *Future of the Franklin Street Site*

The Stores Department operates the Borough's Warehouse yard operation. This Department has a number of buildings and structures and yards for this purpose. In 2014, the Department will analyze the best use of the available space at the facility and determine future site functions. One advantage to the Franklin Street Site is that it has available space. One disadvantage is that some of the yard is in the floodplain.



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## *Administrative Services Department*

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Chambersburg's Administrative Services Department preserves and protects the Borough's financial, technology, and human resources, in order to attract, select and retain an effective workforce and to facilitate the effective use of the City Hall, Borough staff and our community resources.

### Our Goals:

- To provide accurate, timely and meaningful reports on the Borough's financial status
- To attract and retain quality team members and to assure that municipal services are provided in an effective manner
- To develop and manage cost-effective programs for loss prevention, self-insurance, compensation, and benefits
- To minimize the Borough's exposure to financial risk and overall liability
- To continually develop and enhance the professionalism and service orientation of our personnel
- To manage the data, technology, and information systems in a cost-effective manner

	2012 Actual	2013 Budget	2014 Budget
Revenue	\$4,286,820	\$4,996,500	\$5,337,620
Expenses	\$3,860,922	\$4,614,850	\$4,884,200
Excess (Deficit)	\$425,898 Surplus	\$381,650 Surplus	\$453,420 Surplus*

The Chambersburg Administrative Department has significant equity invested in most of the buildings and office equipment of the Borough. The management of personnel and systems drives the fiscal performance of the department. In general, it is just a pass-through operation, consolidating administrative functions for the utilities and covering its expenses.

\* - The surplus demonstrated is not cash but rather equity from investment in capital equipment and facilities

At the end of 2012, Finance Director Casimir Rzomp, Jr., retired. Rachel Krum was promoted to Assistant Finance Director, and Jason Cohen was hired as the Borough's new Finance Director. These important staff changes have a significant effect on the financial management of the Borough.

Sometime in 2014, long time Assistant Treasurer Nancy Foster is anticipated to retire. Much of 2014 will be used to analyze the organization of this department and the future of its personnel and processes.

### *The Transition of the Administrative Services Department*

Beginning in 2012, the Borough changed the size, complexity, and purpose of the Administrative Services Department to better reflect all the various internal administrative services provided by the Borough to its various departments. This was a major reorganization of the Borough and our personnel.

As a result, employees and expenditures previously accounted for under other cost centers in other funds were transferred to the Administrative Services Department beginning in 2012. For example, the Borough Secretary and Assistant Borough Secretary, previously under General Government, are now more properly accounted for under Administrative Services – Clerical Pool because they do work for all departments.

This pooling of employees meets with the Borough's goal of cost based accounting. The Administrative Services Fund accumulates all costs related to operating these offices and allocates those costs over the number of productive units (goods or services) to determine a per unit cost of administration. The various operating funds of the Borough reimburse the Administrative Services Fund on a set allocation based on the prior actual year expenditures (in 2014, the base year will be 2012).

The following are the areas of concentration under Administrative Services:

Personnel and Payroll	- Jeffrey Stonehill, Supervisor
Information Technology	- Jeffrey Stonehill, Supervisor
Finance & Accounting	- Jason Cohen, Supervisor
Customer Service & Meter Reading	- David Finch, Supervisor
Clerical Pool	- Jeffrey Stonehill, Supervisor

This department structure is more akin to all the back office work processes of City Hall. These functions have always shared a close relationship. They are mostly in one facility, work together on most administrative functions, and provide services to the other agencies of the Borough.

As with all internal service funds, other Borough departments provide all the funding for the Administrative Services Department. In order to complete the 2014 proposed budget, the Administrative Services Department is proposing the enclosed charge-back formula for its expenditures. The formula results in the following shared expenses:

<b>Fund</b>	<b>Distribution</b>
Electric	33.45%
General Borough	12.01%
Gas	9.25%
Water Capital	8.42%
Motor Equipment	7.17%
Sewer	6.12%
Water	5.59%
Sewer Capital	4.05%
General Capital	3.26%
Sanitation	2.80%
Electric Capital	2.73%
Gas Capital	1.80%
Stores	1.09%
Parking	0.81%
Parking Capital	0.74%
Engineering	0.39%
Sanitation Capital	0.30%

Based upon the proposed 2012 budget

### *Chambersburg Historic Windows Project 2013-2014*

Over the last two years, Chambersburg Town Council has put aside money from the Water, Sewer, Electric, and Gas utility funds, and matched them with long term building improvement trust money from our General Capital Reserve, to restore about twenty-two historic windows and three doors in Chambersburg City Hall. The original building, known as the Market House, was built to serve the community in 1830 as both the municipal building and as a roofed farmers' market. It was one of the few structures to survive the Burning of Chambersburg.

The building has been added to three times, yet some of the more historic windows date back to at least the late nineteenth century. Other than painting and replacing broken glass, most of the large, over-sized windows are original. There are actually twelve different styles of similar but not identical windows on the building. After decades of weather and time, the opportunity has arrived for the windows to be fixed up, cleaned, repainted, and re-installed. This will not be inexpensive. The building is a contributing structure on the National Register of Historic Places and is a community treasure. Like any special building, it needs special care from time to time, which costs a lot of money.

The project was awarded by competitive bid to Dorgan and Zuck of York, Pennsylvania, a firm described as having a very successful record of improving historic structures, such as the Hotel Codorus in York or the Hanover Junction Railroad Station/Hotel in Hanover.

The total cost of the project is anticipated to be \$461,700, with half to be completed in 2013 and a second half completed in 2014. While this is a large expenditure for the Borough, because of the savings of the utility and capital funds, no rate increases are needed to finance this project; the money has been set aside for this work over the last few years. Since 100% of real estate taxes collected by the Borough are used to fund the Police Department, no real estate taxes will be used to fund this project; also, no debt or loans.

We waited eighty, ninety, or a hundred years in some cases to fix these windows and while this is a lot of money, the building is a national landmark and we just need to keep it fixed up for the next century. We owe it to the community.



**Major items for 2014:**

- **Finance and Accounting:** Evaluation of the existing Point of Sale (POS)/Accounting/Utility Billing systems and contemplation of a combination of in-house & third party (POS) systems with an opportunity to alter POS to better suit our needs. This needs analysis will likely contribute to a more efficient use of our personnel resources
- **Customer Service & Meter Reading:** Due to the expected retirement of the Assistant Treasurer, and her wealth of knowledge and experience, the Administrative Services Department would stand to benefit greatly, and incur minimum disruption, should we seek to hire someone with particular knowledge of Borough utility billing/parking/metering operations, or at least general knowledge of the same. It is recommended that the Borough begin the search soon to allow for substantial training (a minimum of 3 months) prior to the transition
- **Personnel & Payroll:** This office will expand upon its responsibilities by examining better ways to manage information through technology. The personnel are involved in virtually every aspect of Borough management. The goal in 2014 will be to manage better the chaos of the operation.
- **Information Technology:** In 2014, the IT staff will install new virtual servers to manage data; new hardware to filter, index and search data; two new television monitors in Council Chambers; WiFi in Police Department; JNET security measures for Police; and, upgrades throughout departments.
- **Information Technology:** In 2014, the IT staff will undertake a needs analysis of the existing Borough-wide telephone system. Telephone technology continues to change but the Borough requires a fool-proof system due to our public safety and 24/7 utility operations.
- **Information Technology:** All the offices of the Administrative Services Department will cooperate in a needs analysis to research acquiring all new financial and management software:
  - This is potentially a huge project for the Borough as we are looking to someday replace our in-house custom software with a large complex municipal/utility financial management system that would do all accounting, bookkeeping, financial record keeping, transactions, utility rates, utility billing, and personnel and payroll



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## Motor Equipment Department

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The Motor Equipment Department maintains and repairs the Borough's fleet, and provides safe and affordable internal services to Chambersburg Borough departments. Further, it is the Motor Equipment Department's intention to provide these services in an efficient, economical, and safe work environment for Borough employees.

Department Head: David Finch

	2012 Actual	2013 Budget	2014 Budget
Revenue	\$2,087,371	\$2,150,747	\$2,687,880
Expenses	\$1,307,660	\$2,042,986	\$2,472,810
Excess (Deficit)	\$ 779,711 Surplus	\$ 107,761 Surplus	\$ 215,070 Surplus*

The Chambersburg Administrative Department has significant equity invested in all of the motorized equipment of the Borough including some very large and expensive pieces of equipment (i.e. fire apparatus, dump trucks, digger derricks, etc.). The management of these assets drives the fiscal performance of the department. In general, it is just a repository operation, consolidating assets for the utilities and covering their maintenance and fuel expenses.

\* - The surplus demonstrated is not cash but rather equity from investment in motorized equipment

**In 2013, the Assistant Borough Manager developed a new system to determine the correct amount that each department should be paying for their motorized equipment:**

Up until now, there was not a set of procedures to describe how much money should be set aside; it has mostly been done as "educated guesses" and oral tradition of how it was done in the past. Working with staff and the Finance Office, a working formula was developed, dubbed the **RENO** formula:

"Where R is the cost to replace a vehicle, E is the equity, or how much has been retained so far, N is the number of bi-weekly payments until the anticipated replacement date, and O is operation and maintenance (such as fuel) that is also paid for by the rental rate"

$$X = ((R - E) / N) + O$$

So, if a vehicle costs \$20,000 to replace, and we've already saved \$10,000, and there are 50 bi-weekly payments left until its projected replacement date, and it costs \$100 in fuel and maintenance to operate every two weeks, the formula looks like this:

$$X = ((\$20,000 - \$10,000) / 50) + \$100$$

$$X = (\$10,000 / 50) + \$100$$

$$X = \$200 + \$100$$

$$X = \$300$$



So the department will have to set aside \$300 dollars every two weeks if it wants to replace the vehicle on its expected replacement date. This formula will have to be re-calculated every year for every vehicle to account for variables, such as a vehicle wearing out more quickly than expected, etc; and the rental rate will then be adjusted accordingly.

Finally, the RENO formula is advisory only to the Borough Manager, who has final purchase authority.

The point of keeping motor equipment in a separate fund and renting that equipment back to the other Borough agencies is so that sufficient equity may accumulate to acquire new equipment with cash on hand rather than debt. To that end, the Motor Equipment Fund regularly earns a surplus.

There are 127 pieces of equipment owned by the Department including everything as diverse as riding lawn mowers, bucket trucks, ambulances, and police cars. In 2014, five (5) vehicles are scheduled for replacement for total purchase of \$580,000:

Department	New Vehicle	Replace Existing	Estimated Cost
Electric	2014 Freightliner Bucket Truck	1998 Freightliner Digger /Bucket Truck (No. 872)	\$210,000
Electric	New cable pulling trailer unit.		\$50,000
Highway	2014 Dump Truck with Plow/Spreader Attachment	1993 Diamond Reo Dump Truck (No. 317)	\$150,000
Police	2014 Ford E350 Econoline Cargo Van with Prisoner Insert	2008 Ford F250 Pickup Truck with Prisoner Carrier (No. 895)	\$40,000
Water/Sewer	2014 Caterpillar Extended Backhoe	2002 Caterpillar Extended Backhoe (No. 279)	\$130,000
Total			\$580,000

## Engineering Department



The Engineering Department reviews the design process and inspection of all public works and utility projects. Such projects include, but are not limited to storm sewers, streets, and sidewalks. In general, the Engineering Department provides support services to all Borough departments from preliminary layout to final completion, construction inspections services and guidance for proposed internal development. In conjunction with the Borough's Land Use and Community Development Department, the Engineering Department maintains a record of all assets within the public right of way.

Department Head: Phil Wolgemuth

	2012 Actual	2013 Budget	2014 Budget
Revenue	\$188,288	\$395,250	\$389,750
Expenses	\$257,943	\$302,978	\$307,765
Excess (Deficit)	(\$69,655) Deficit	\$92,272 Surplus	\$81,985 Surplus*

The Chambersburg Engineering Department has significant equity invested in most of the GIS, surveying, and engineering equipment of the Borough. The management of utility engineering and construction drives the fiscal performance of the department. In general, it is just a pass-through operation, consolidating engineering functions for the utilities and covering its expenses.

\* - The surplus demonstrated is not cash but rather equity from investment in capital equipment

## Engineering Permits

Year	Curb & Sidewalk	Excavation
2011	115	113
2012	100	166
7/31/13	44	88

## Utility Locator Calls

Year	Calls
2011	2,735
2012	2,926
7/31/13	1,397

### *Sidewalk and Curb Construction*

The Engineering Department is responsible for managing Town Council's curb and sidewalk installation policy. This includes the issuance of all permits, the inspection of all installations, and the management of installations when private property owners fail to comply with Town Council directives. Further, the Engineering Department is involved in Borough installation of ADA accessible curb ramps as a part of the Borough's Community Development Block Grant Program. The Borough's Curb and Sidewalk Compliance Committee meets with the Engineering Department to put together future project plans. Future projects to be discussed in 2014 include Limekiln Road/Plasterer Avenue, Fifth Avenue, Loudon Street, South Main Street, and curbs and sidewalks involved in the resurfacing of US 11 by PennDOT.

### *Storm Water Engineering*

In an attempt to fully comply with the responsibilities under the Municipal Separate Storm Sewer System (MS4) regulations, the Borough has engaged the assistance of ARRO Consulting. This includes the design of storm system projects and the review of development drainage plans on the Borough's behalf.

### *Official Map Project*

In accordance with the Pennsylvania Municipalities Planning Code, the Borough is preparing an "Official Map." This is a planning tool to represent transportation corridor matters that the Borough would like to have addressed, as future development occurs. The Borough of Chambersburg is proposing consideration of 18 conceptual improvements to existing roads and intersections, for better traffic flow throughout the Borough in the years ahead. It should be noted that there is NO Guarantee that any of these proposed improvements can or will ever be implemented. The Official Map is directly linked to the Borough Comprehensive Plan and is for Planning Purposes Only. The process being followed to create the Official Map has involved a field-oriented committee that understands the Borough infrastructure and its transportation corridor challenges. The Planning and Zoning Commission and Town Council have approved development of the Official Map, with planned public meetings to gather input from property owners beginning now and proceeding into early 2014.

### *2014 Street Improvements*

The Engineering Department will recommend three types of street reconstruction methods in 2014:

- **Cold-in-Place Recycling (CIPR):** An eco-friendly pavement rehabilitation process performed without the use of heat. 2 to 5 inches of the current road surface are pulverized down to a specific aggregate size, mixed with a rejuvenating asphalt emulsion, and then reused to pave that same road. This process is especially efficient in saving costs on labor and transportation. Recycling and reusing the existing pavement layer does away with the need for purchasing and transporting fresh aggregate. Not only does the customer save on the product that is used, but they also save money on transportation costs due to increased gas prices.
- **Micro Seal:** One of the most versatile tools in the road maintenance arsenal, Micro Seal is a polymer-modified cold-mix paving system that can remedy a broad range of problems on streets and highways. Micro Seal is made and applied to existing pavements by a specialist machine, which carries all components, mixes them on site, and spreads the mixture onto the road surface. Materials are continuously and accurately measured, and then thoroughly combined in the surfacing machine's mixer. As the machine moves forward, the mixture is continuously fed into a

full-width "surfacing" box which spreads the width of a traffic lane in a single pass. Or specially engineered "rut" boxes, designed to deliver the largest aggregate particles into the deepest part of the rut to give maximum stability in the wheel path, may be used. The new surface is initially a dark brown color and changes to the finished black surface as the water is chemically ejected and the surface cures, permitting traffic within one hour in most cases.

- **Overlay:** Asphalt Resurfacing or Overlay generally consists of grinding off selected areas of old asphalt either along the curb or within the street, patching any pot holes or badly deteriorated areas, placing and compacting hot mix asphalt pavement, adjusting any street hardware (manhole frames, catch basin frames) to the new grade of the asphalt and completing any restoration of adjacent properties, and resurfacing. Asphalt used for resurfacing is generally placed in 2-inch thick lifts. Street resurfacing can improve driving conditions and correct improper drainage and will last generally for 8 to 10 years depending on traffic, weather conditions and the strategy of treatments.

<b>Total Project Requests</b>	<b>\$3,129,000</b>
2014 Projects	Estimated Cost
Liquid Fuels: Replace and Seal Cartway Around 23 Metal Storm Sewer System Inlet Grates (Cumberland Ave./Highland Ave./Pennsylvania Ave./Wallace Ave.)	\$180,000
Liquid Fuels: Garfield St./Derbyshire St. Traffic Pattern Changes and Street Improvements	\$175,000
Liquid Fuels: Heintzelman Ave. Cold In-Place Recycling (Franklin St. to Grandview Ave.) (S)	\$73,000
Liquid Fuels: Broad St. Overlay (At Vine St. intersection)	\$34,000
Liquid Fuels: Broad St. Micro Seal (Second St. to Wilson Ave.)	\$31,000
Utilities: Glen St. Cold In-Place Recycling (North side of King St. fountain to Heintzelman Ave.)	\$155,000
Sub-Total	\$648,000
CDBG: South St. Reconstruction (Hollywell Ave. to Unnamed Alley) (C/S)	\$197,000
CDBG: Unnamed Alley Reconstruction (South St. to W. Catherine St.)	\$18,500
CDBG: Pine St. Reconstruction (South St. to Terminus)	\$7,500
Sub-Total	\$223,000
PennDOT: Norland Ave./Walker Rd.	\$1,050,000
Sub-Total	\$1,050,000
Total	\$1,921,000

**Major items for 2014:**

- Continue Streets and Sidewalks Code enforcement strategy involving prompt inspection, violation notice/correction and construction completion on behalf of property owners that do not comply;
- Continue to consider plans/specifications and construction methods for street and sidewalk improvements/maintenance such as Cold In-Place Recycling, crack sealing and porous concrete;
- Change street excavation permitting to require applicant to complete temporary patching rather than the Borough;
- Complete curb/sidewalk condition inventory/maintenance notices for Route 11 and Franklin Street overlay projects;
- Walker Road/Norland Avenue intersection improvement project;
- South Street, Norland/Fifth Avenue, Garfield/Derbyshire St. engineering/design;
- Prepare Chesapeake Bay Pollutant Reduction Plan for submission to PA Department of Environmental Protection;
- Improve storm sewer system inspection/maintenance program in conjunction with the Public Works Department;
- Evaluate dedicated revenue source for storm sewer system maintenance;
- Incorporate web-based mapping capabilities for Borough employees;
- Evaluate whether additional staff or consultant support is necessary for GIS Manager to properly accomplish utility department tasks.
- Purchase color plan scanner (\$8,000).

No new staff requested, however, this budget includes funds for a new part-time code enforcement officer, who will assume Streets and Sidewalks Code enforcement responsibilities from the GIS Manager. Also, any staff or consultant support that is deemed necessary for the GIS Manager will be paid by the utility departments.

11/4/2013



# Charts and Tables

*As Proposed for 2014 by Jeffrey Stonehill, Borough Manager*



The Borough of Chambersburg

# Charts and Tables

*As Proposed for 2014*

## Total Revenues, Deposits, Transfers by Fund

<u>Utility Operating Fund Revenue</u>	<u>2011 Actual</u>	<u>2012 Actual</u>	<u>2013 Budget</u>	<u>2014 Budget</u>
Electric Operating	\$33,602,305	\$32,359,346	\$32,599,300	\$32,181,800
Gas Operating	\$8,634,948	\$7,883,971	\$8,705,450	\$8,981,200
Sewer Operating	\$5,638,373	\$5,043,510	\$5,591,700	\$5,814,800
Water Operating	\$3,121,529	\$3,096,801	\$3,239,700	\$5,393,365
Sanitation Operating	\$2,108,337	\$2,036,483	\$2,599,400	\$2,718,400
<u>Governmental Taxes, Fines &amp; Fees</u>				
General Fund	\$12,112,231	\$11,366,578	\$12,069,445	\$12,955,970
<u>Internal Services Fees</u>				
Administrative Services	\$2,453,488	\$3,860,923	\$4,996,500	\$5,337,620
Motor Equipment	\$2,214,904	\$2,087,371	\$2,150,747	\$2,687,880
Parking Traffic Street Lights*	\$152,174	\$808,790	\$1,057,850	\$1,054,650
Stores/Warehouse	\$787,520	\$712,539	\$779,950	\$824,500
Engineering	\$195,679	\$188,288	\$395,250	\$389,750
<u>Special Revenue Receiving</u>				
Special Revenue Receiving Acct	\$1,138,356	\$689,038	\$1,569,540	\$959,771
SAFER Grant Receiving Account	\$0	\$130,012	\$766,165	\$605,000
Fire Tax Receiving Account	\$0	\$0	\$0	\$451,610
Highway Aide Receiving Account	\$371,089	\$413,995	\$395,300	\$392,075
<u>Deposits to Self Insurance</u>				
Workers Comp Holding Account	\$90,696	\$390,470	\$368,450	\$703,950
Self Insurance Holding Account	\$562,572	\$417,788	\$230,025	\$408,680
<u>Deposits for Capital Projects</u>				
Sewer Capital Reserve	\$639,744	\$3,062,437	\$23,345,050	\$24,307,560
Gas Capital Reserve	\$604,909	\$826,242	\$2,335,419	\$4,665,000
Sanitation Capital Reserve	\$2,194	\$1,085	\$0	\$3,015,300
Electric Capital Reserve	\$763,198	\$537,334	\$2,515,000	\$1,602,000
General Capital Reserve	\$431,650	\$366,219	\$396,000	\$1,434,650
Parking Capital Reserve	\$8,033	\$588,856	\$176,000	\$175,700
Water Capital Reserve	\$1,347,939	\$741,370	\$100,500	\$85,500

\* - Operated like a utility, funded like an internal service

The Borough of Chambersburg is proposed to have a \$73,113,726 operating budget for 2014

This represents a 5% increase from the \$69,639,284 operating budget for 2013

The Borough of Chambersburg is proposed to have a \$131,707,786 all funds budget for 2014

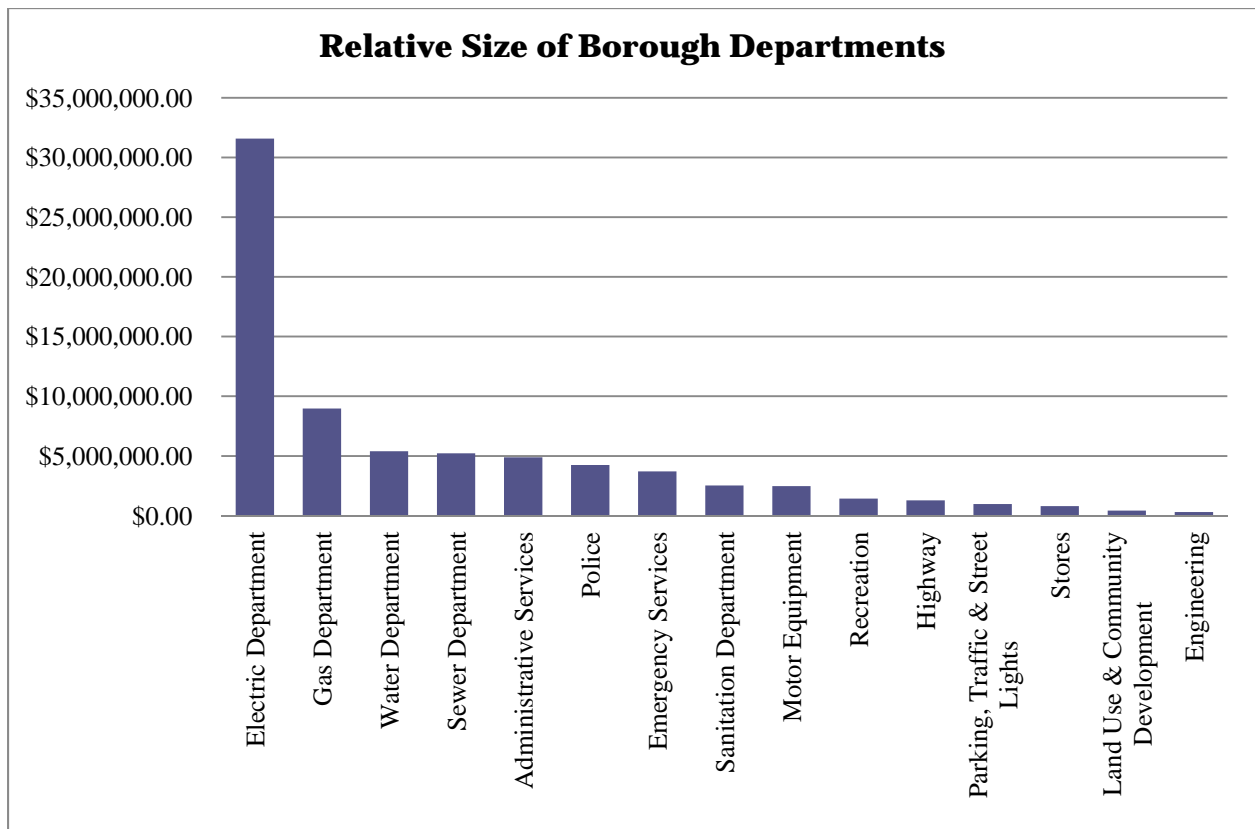
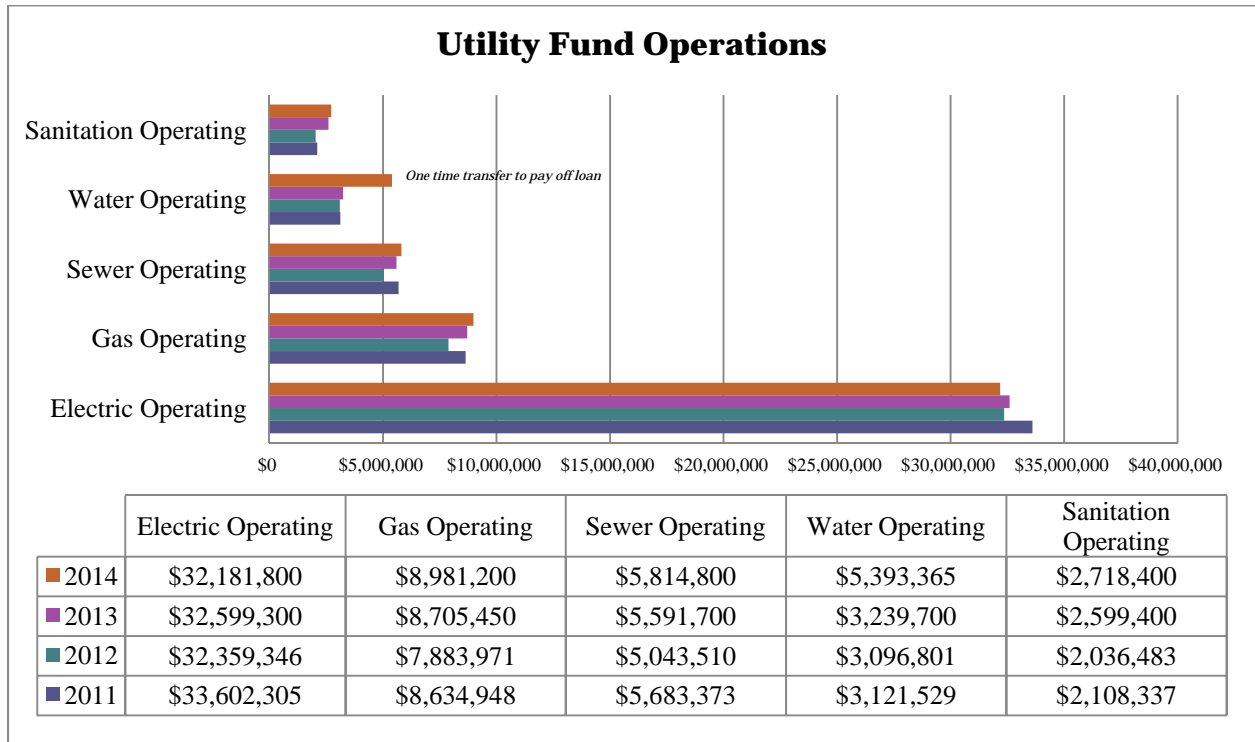
This represents a 10.2% increase from the \$119,497,620 all funds budget for 2013

Many of the changes are due to capital projects such as upgrades at the J. Hase Mowrey Regional Wastewater Plant, the proposed construction of a Compressed Natural Gas Filing Station, the proposed Yard Waste Recycling program, and the payoff of a large loan in the Water Fund. The only reoccurring increase is an approximate 4% increase in wages and an approximate 8% increase in health insurance.

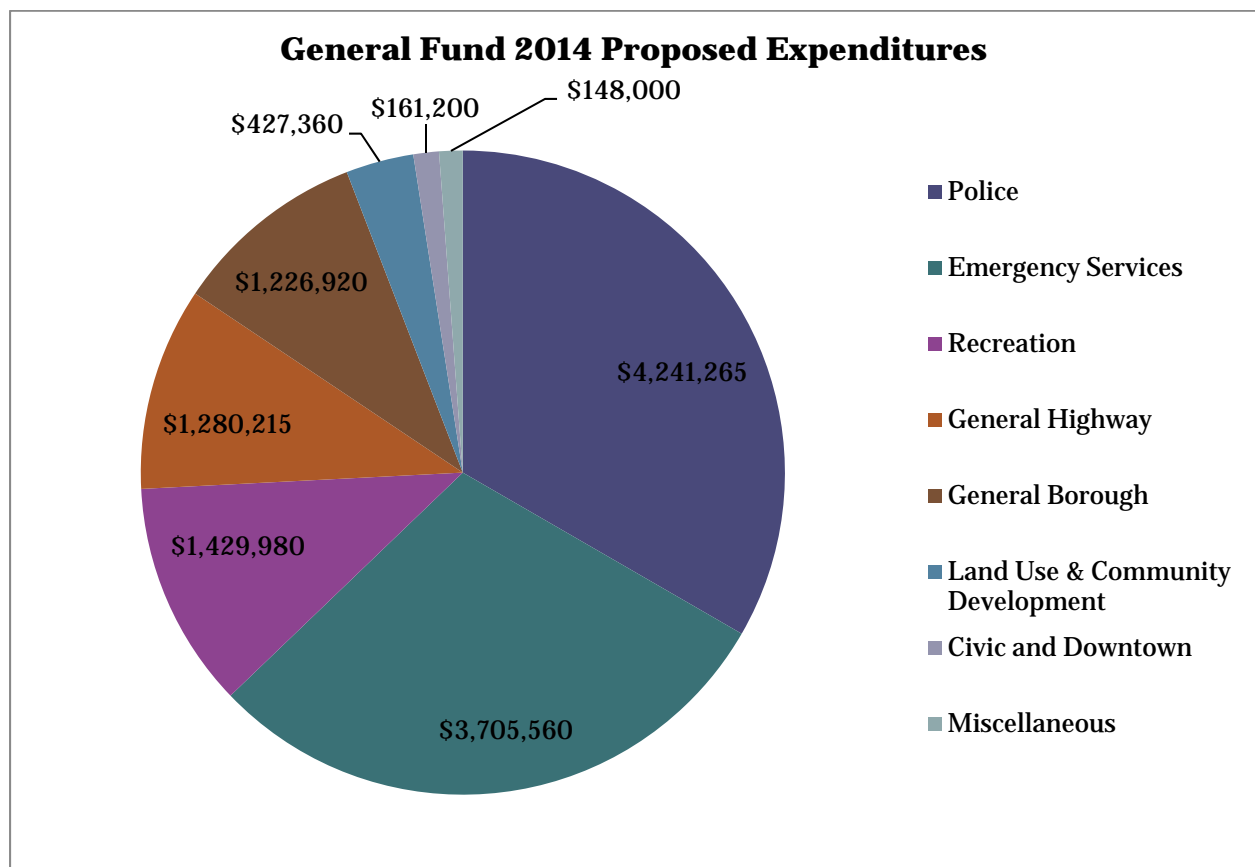
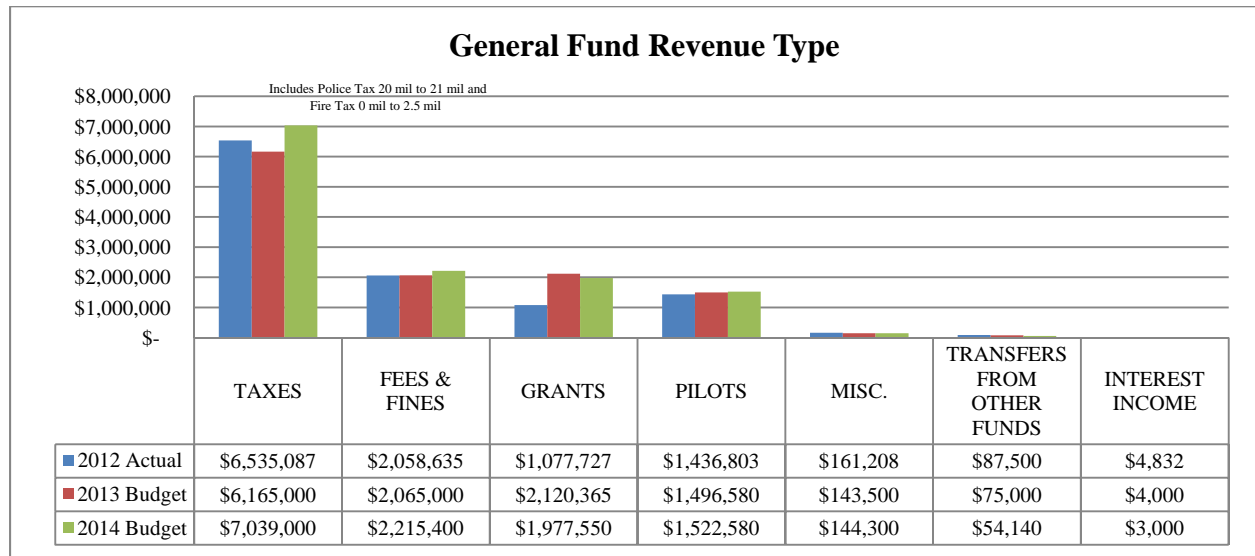
**2014 REVENUES & EXPENDITURES BY FUND**

2014 Revenues Proposed Budget		2014 Expenditures Proposed Budget	
Gen Operating Fund:		Gen Operating Fund:	
Gen Borough Operating Income	\$11,416,830.00	Gen Borough Operating Expenses	\$1,222,920.00
Interfund Transfers to Gen Borough	\$1,539,140.00	Interfund Transfers from Gen Borough	\$4,000.00
		Highway	\$1,280,215.00
		Emergency Services	\$3,705,560.00
		Police	\$4,241,265.00
		Recreation	\$1,429,980.00
		Planning	\$70,500.00
		Zoning	\$51,000.00
		Property Maintenance Code	\$305,860.00
		Miscellaneous	\$161,200.00
		Special Interfund Transfers	\$148,000.00
Total Gen Operating Fund Revenues	\$12,955,970.00	Total Gen Operating Fund Expenditures	\$12,620,500.00
Gen Capital Reserve Fund:	\$1,434,650.00	Gen Capital Reserve Fund:	\$1,421,800.00
Other Gen Fund:		Other Gen Fund:	
Special Revenue Fund	\$1,564,771.00	Special Revenue Fund	\$1,631,036.00
Liquid Fuels Tax	\$392,075.00	Liquid Fuels Tax	\$400,000.00
Surplus Operating Fund	\$100.00	Surplus Operating Fund	\$100.00
Total	\$1,956,946.00	Total	\$2,031,136.00
Total Trust and Agency Funds:	\$15,012,565.00	Total Trust and Agency Funds:	\$14,987,860.00
Enterprise Operating Funds:		Enterprise Operating Funds:	
Electric Department	\$32,181,800.00	Electric Department	\$31,574,605.00
Gas Department	\$8,981,200.00	Gas Department	\$8,970,045.00
Water Department	\$5,393,365.00	Water Department	\$5,393,365.00
Sewer Department	\$5,814,800.00	Sewer Department	\$5,222,835.00
Sanitation Department	\$2,718,400.00	Sanitation Department	\$2,592,335.00
Parking, Traffic & St. Lighting	\$1,054,650.00	Parking, Traffic & St. Lighting	\$971,220.00
Total	\$56,144,215.00	Total	\$54,724,405.00
Enterprise Capital Reserve Funds:		Enterprise Capital Reserve Funds:	
Electric Capital Reserve	\$1,602,000.00	Electric Capital Reserve	\$1,635,000.00
Gas Capital Reserve	\$4,665,000.00	Gas Capital Reserve	\$4,649,000.00
Water Capital Reserve	\$85,500.00	Water Capital Reserve	\$5,519,865.00
Sewer Capital Reserve	\$24,307,560.00	Sewer Capital Reserve	\$22,023,500.00
Sanitation Capital Reserve	\$3,015,300.00	Sanitation Capital Reserve	\$3,013,000.00
Parking Capital Reserve	\$175,700.00	Parking Capital Reserve	\$59,000.00
Total	\$33,851,060.00	Total	\$36,899,365.00
Internal Service Funds:		Internal Service Funds:	
Stores	\$824,500.00	Stores	\$794,865.00
Motor Equipment	\$2,687,880.00	Motor Equipment	\$2,472,810.00
Engineering	\$389,750.00	Engineering	\$307,765.00
Workers Compensation Fund	\$703,950.00	Workers Compensation Fund	\$70,520.00
Administrative Services	\$5,337,620.00	Administrative Services	\$4,884,200.00
Self Insurance Fund	\$408,680.00	Self Insurance Fund	\$576,080.00
Total	\$10,352,380.00	Total	\$9,106,240.00
Total 2014 Budget Revenues	\$131,707,786.00	Total 2014 Budget Expenditures	\$131,791,306.00
		Difference between Rev & Exp	(\$83,520.00)





General Fund



*The Value of 1 mil of Real Estate Tax*

Real estate taxes yield different revenue per fiscal year because of changes in assessed value of real estate:

	<u>2011</u> <u>Actual</u>	<u>2012</u> <u>Actual</u>	<u>2013</u> <u>Estimated</u>	<u>2014</u> <u>Estimated</u>
Police Tax Yield	\$3,731,681	\$3,780,102	\$3,734,000	\$4,041,000
Mil	20	20	20	21
Fire Tax Yield				\$480,000 <sup>1</sup>
Mil				2.5
Value of 1 Mil	\$191,067	\$192,885	\$194,240	\$195,000 <sup>2</sup>
Est. Single Family House Tax				
Police Tax	\$325.79	\$329.08	\$336.20	\$353
Fire Tax				\$42

**Estimated 2014 Real Estate Taxes (Average Single Family House Assessed Value: \$16,809.78)**

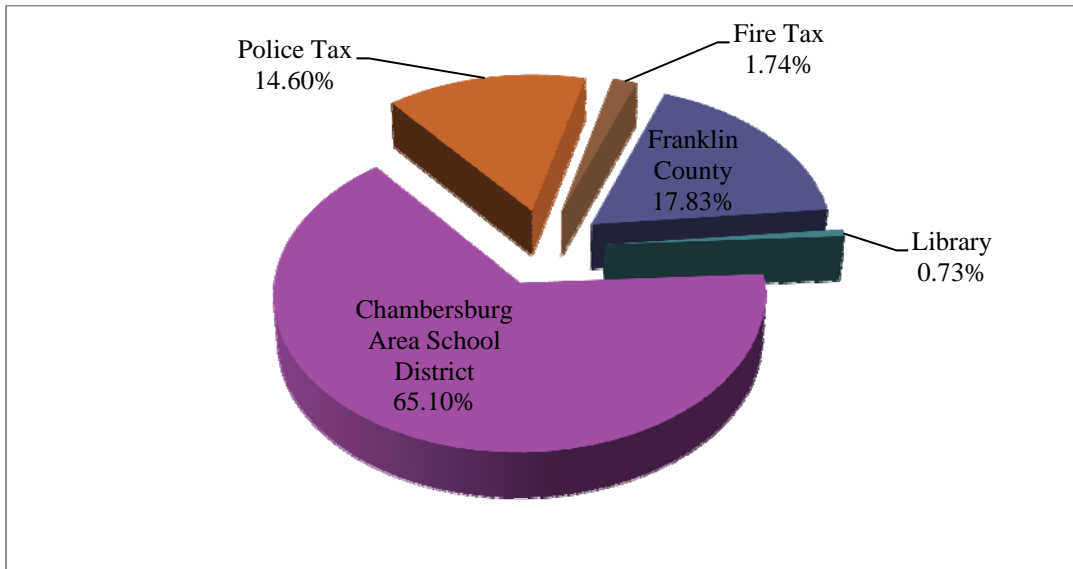
	<u>2014</u>		
Franklin County	25.65 mil	\$431.17	17.83%
Library	1.05 mil	\$17.65	0.73%
Chambersburg Area School District	93.658 mil	\$1,574.37	65.10%
Police Tax	21 mil	\$353	14.6%
Fire Tax	2.5 mil	\$42.02	1.74%
Total	143.858 mil	\$2,418.22	100%

This is an unadjusted non-discounted full invoice. Actual bills will vary by assessed value.  
Real estate taxes are fully deductible on Federal Income Tax returns.

<u>Average Single Family House Inside The Borough</u>	<u>2013</u>	<u>2014</u>
Police Tax (to the General Fund)	\$336.20	\$353.01
Fire Tax (to the Motor Equipment Fund)	\$0	\$42.03
Total (per year)	\$336.20	\$395.04

<sup>1</sup> The rebate will be \$480,000 regardless of how much actual tax revenue is collected – We generally only collect 93% of levy

<sup>2</sup> Not a precise measure as the value changes every year due to the assessed value of real estate – use for planning only



**Only 16¢ of every \$1 paid in real estate taxes will go to the Borough of Chambersburg.** The balance, 84¢ will go to support the school district, the county, and the library. In fact 65¢ of every dollar goes to the Chambersburg Area School District.

# Personnel

## Schedule 20

### Full-Time Equivalent Municipal Employees by Function/Program Last Ten Years

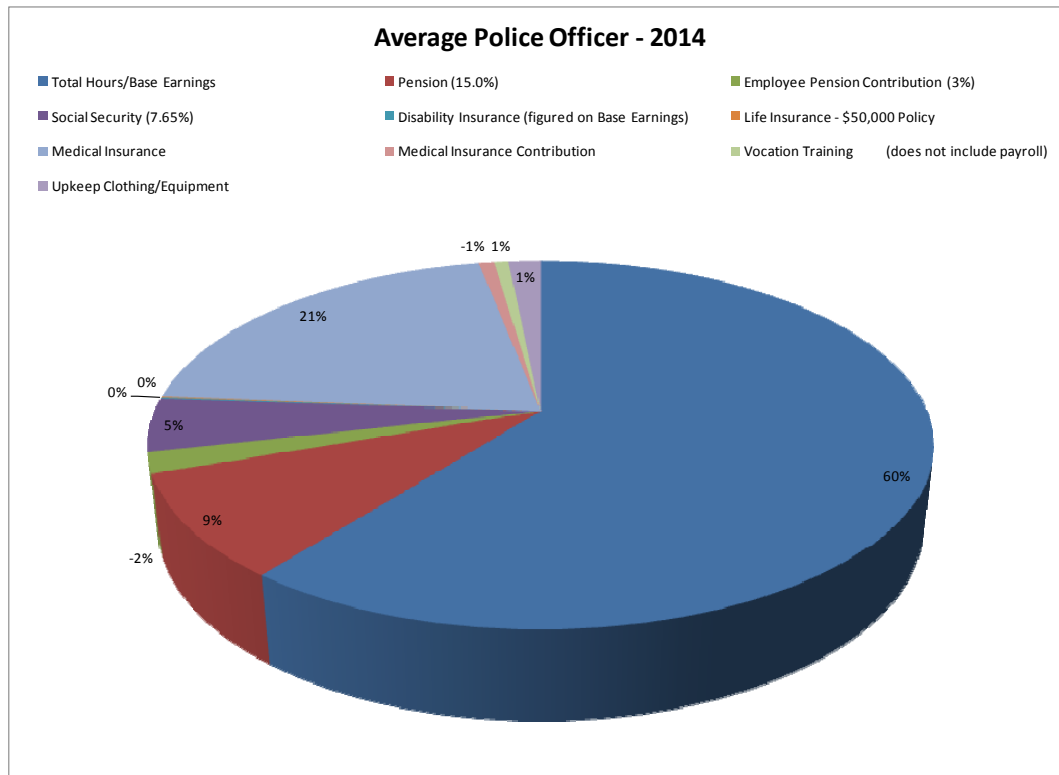
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Function/program</b>											
<b>General Government:</b>											
Supervisory	4	4	4	4	4	5	4	4	4	4	4
Technology	6	5	6	5	5	5	5	5	5	5	4
Finance	21	23	21	22	22	22	22	22	22	22	22
<b>Community Development:</b>											
Land Use/Zoning	2	2	2	2	2	2	2	2	1	1	1
Inspections	2	2	2	4	4	4	4	4	4	4	5
<b>Public Works:</b>											
Administration	3	2	3	2	2	2	2	2	2	2	2
Maintenance/Labor	25	24	25	26	26	26	25	25	22	22	22
<b>Human Services:</b>											
	0	0	0	0	0	0	0	0	0	0	0
<b>Public Safety:</b>											
Police Officers	33	31	33	33	33	33	33	33	30	30	30
Police Civilians	3	3	3	4	4	4	4	4	4	4	4
Fire	21	21	21	21	21	21	22	21	21	18	18
Fire Civilians	4	3	4	3	3	3	3	3	3	3	3
<b>Recreation:</b>											
Supervisory/Maintenance	6	6	6	7	7	5	5	5	5	5	5
<b>Utilities (5):</b>											
Supervisory	11	13	11	13	13	13	17	14	14	14	14
Maintenance/Operations											
Electric Department	21	21	19	18	18	18	19	19	19	19	17
Gas Department	13	13	13	13	13	13	8	8	8	8	8
Water Department	11	14	11	14	14	14	11	11	11	11	11
Sewer Department	10	9	10	9	9	9	15	15	15	15	14
Parking Department	1	1	1	1	1	1	1	1	1	1	1
<b>Totals</b>	<b>197</b>	<b>197</b>	<b>195</b>	<b>201</b>	<b>201</b>	<b>200</b>	<b>202</b>	<b>198</b>	<b>191</b>	<b>188</b>	<b>185</b>

The enclosed categories are slightly different from our organization. These are the organizational descriptions used during the audit.

The key is the total number of full time equivalent employees is set at 197 for 2014.

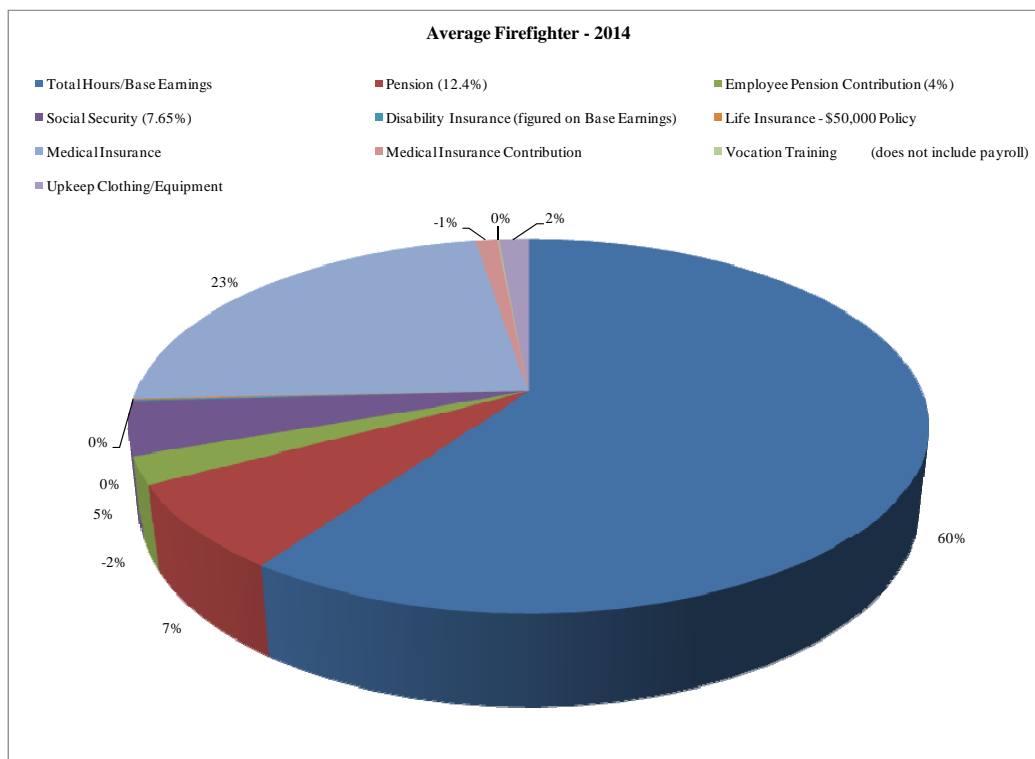
### Average Police Officer (Wages and Benefits) in 2014

**estimate only**		
<b>Background</b>		
Pay Rate	\$29.54	
Base Earnings	\$61,443.20	
Total Earnings	\$61,443.20	
<b>Base Earnings Breakout</b>	<b>Hours</b>	<b>Earnings</b>
Total Time Worked	2080	\$61,443.20
Total Hours/Base Earnings	2080	\$61,443.20
<b>Benefits</b>		
Pension (15.0%)		\$9,216.48
Employee Pension Contribution (3%)		(\$1,843.30)
Social Security (7.65%)		\$4,700.40
Disability Insurance (figured on Base Earnings)		\$122.89
Life Insurance - \$50,000 Policy		\$93.60
Medical Insurance		\$20,963.57
Medical Insurance Contribution		(\$763.75)
Vocation Training (does not include payroll)		\$720.51
Upkeep Clothing/Equipment		\$1,600.00
<b>Total Benefits</b>		<b>\$34,810.41</b>
<b>Total Earnings and Benefits</b>		<b>\$96,253.61</b>



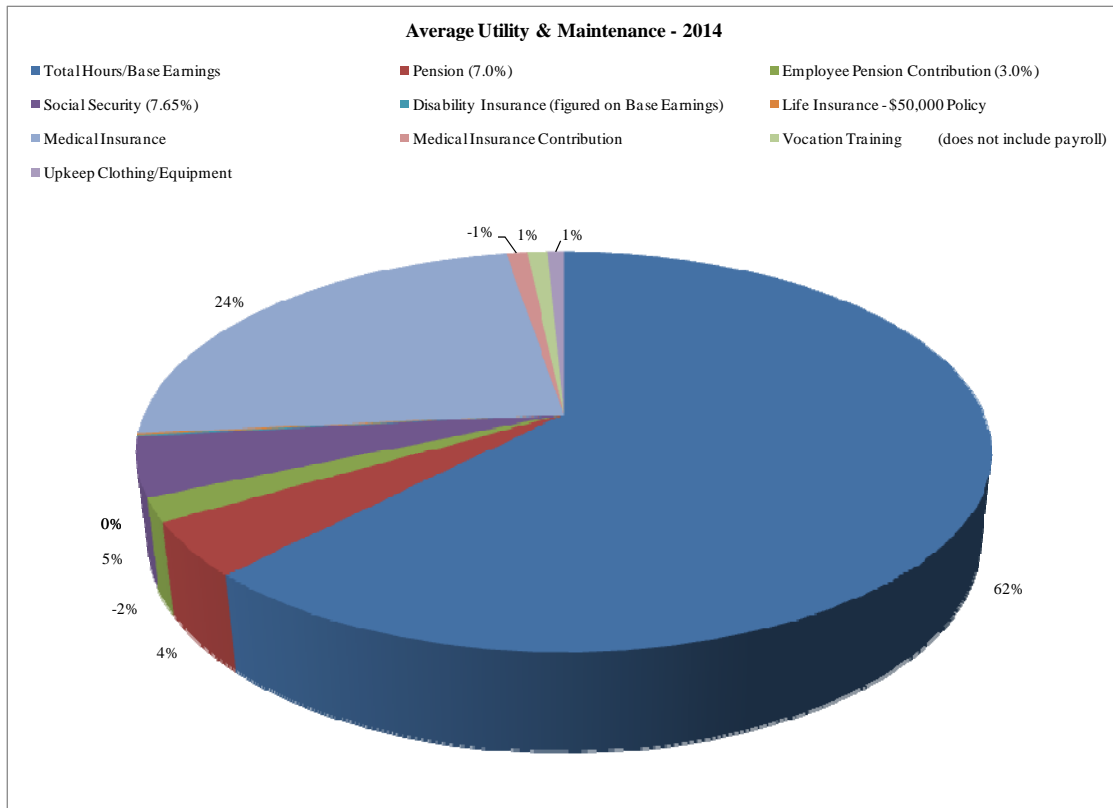
### Average Fire Fighter (Wages and Benefits) in 2014

**estimate only**		
<b>Background</b>		
Pay Rate	\$19.19	
Base Earnings	\$58,222.46	
Total Earnings	\$58,222.46	
<b>Base Earnings Breakout</b>	<b>Hours</b>	<b>Earnings</b>
Total Time Worked	3034	\$58,222.46
Total Hours/Base Earnings	3034	\$58,222.46
<b>Benefits</b>		
Pension (12.4%)		\$7,219.59
Employee Pension Contribution (4%)		(\$2,328.90)
Social Security (7.65%)		\$4,454.02
Disability Insurance (figured on Base Earnings)		\$116.44
Life Insurance - \$50,000 Policy		\$93.60
Medical Insurance		\$22,453.18
Medical Insurance Contribution		(\$1,058.19)
Vocation Training (does not include payroll)		\$66.30
Upkeep Clothing/Equipment		\$1,400.00
<b>Total Benefits</b>		\$32,416.04
<b>Total Earnings and Benefits</b>		\$90,638.50



### Average Utility & Maintenance Worker (Wages and Benefits) in 2014

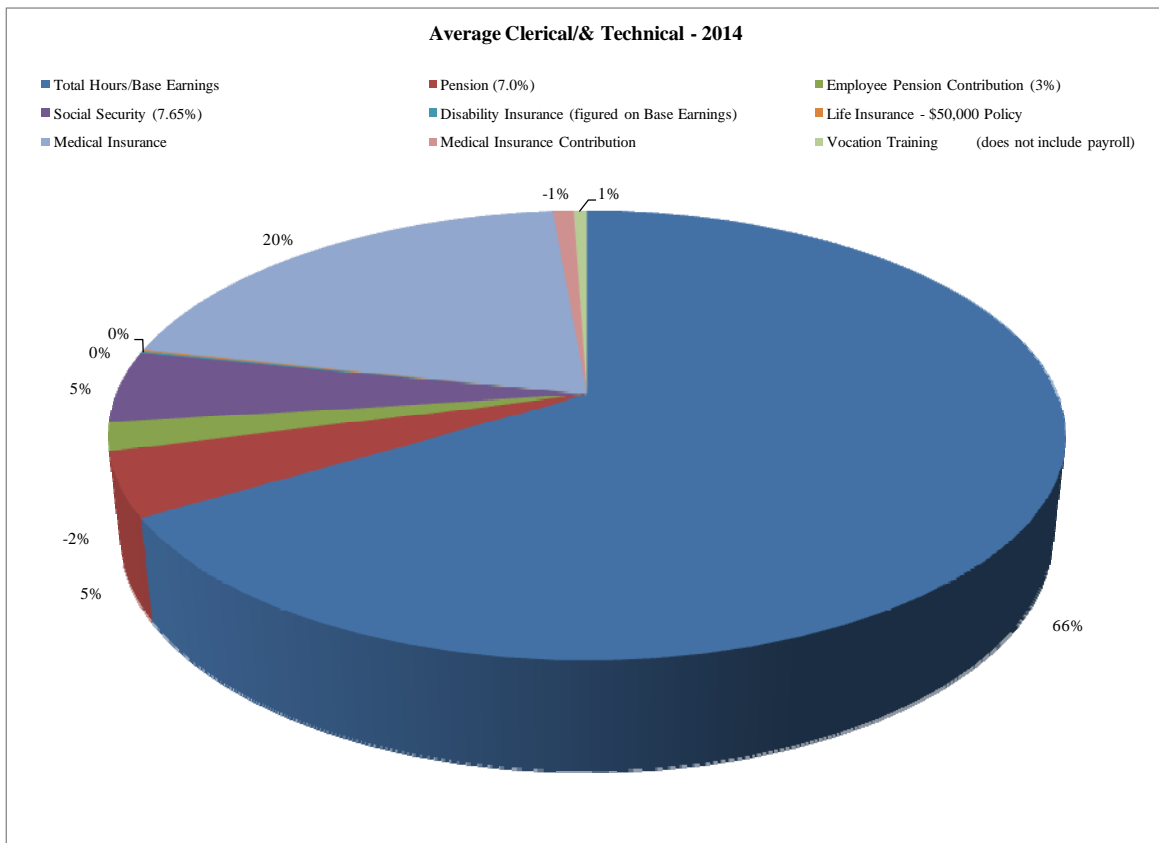
**estimate only**		
<b>Background</b>		
Pay Rate	\$22.54	
Base Earnings	\$46,883.20	
Total Earnings	\$46,883.20	
<b>Base Earnings Breakout</b>		
	<b>Hours</b>	<b>Earnings</b>
Total Time Worked	2080	\$46,883.20
Total Hours/Base Earnings	2080	\$46,883.20
<b>Benefits</b>		
Pension (7.0%)		\$3,281.82
Employee Pension Contribution (3.0%)		(\$1,406.50)
Social Security (7.65%)		\$3,586.56
Disability Insurance (figured on Base Earnings)		\$93.77
Life Insurance - \$50,000 Policy		\$93.60
Medical Insurance		\$18,042.31
Medical Insurance Contribution		(\$715.00)
Vocation Training (does not include payroll)		\$699.17
Upkeep Clothing/Equipment		\$537.97
<b>Total Benefits</b>		\$24,213.71
<b>Total Earnings and Benefits</b>		\$71,096.91





### Average Clerical & Technical Worker (Wages and Benefits) in 2014

**estimate only**		
<b>Background</b>		
Pay Rate	\$26.15	
Base Earnings	\$54,392.00	
Total Earnings	\$54,392.00	
<b>Base Earnings Breakout</b>		
	<b>Hours</b>	<b>Earnings</b>
Total Time Worked	2080	\$54,392.00
Total Hours/Base Earnings	2080	\$54,392.00
<b>Benefits</b>		
Pension (7.0%)		\$3,807.44
Employee Pension Contribution (3%)		(\$1,631.76)
Social Security (7.65%)		\$4,160.99
Disability Insurance (figured on Base Earnings)		\$108.78
Life Insurance - \$50,000 Policy		\$93.60
Medical Insurance		\$16,606.88
Medical Insurance Contribution		(\$681.78)
Vocation Training (does not include payroll)		\$431.06
<b>Total Benefits</b>		<b>\$22,895.21</b>
<b>Total Earnings and Benefits</b>		<b>\$77,287.21</b>



# Average Department Head & Assistant Department Head (Wages and Benefits) in 2014

**estimate only**		
Background		
Pay Rate	\$38.98	
Base Earnings	\$81,078.40	
Total Earnings	\$81,078.40	
Base Earnings Breakout	Hours	Earnings
Total Time Worked	2080	\$81,078.40
Total Hours/Base Earnings	2080	\$81,078.40
Benefits		
Pension (7.0%)		\$5,675.49
Employee Pension Contribution (3.0%)		(\$2,432.35)
Social Security (7.65%)		\$6,202.50
Disability Insurance (figured on Base Earnings)		\$162.16
Life Insurance - \$50,000 Policy		\$93.60
Medical Insurance		\$20,115.98
Medical Insurance Contribution		(\$757.12)
Vocation Training (does not include payroll)		\$292.31
Total Benefits		\$29,352.56
Total Earnings and Benefits		\$110,430.96

